

22 April, 2014

**CARE ASSIGNS 'CARE BBB/CARE A3+' RATINGS TO THE BANK FACILITIES OF IREO GRACE REALTECH PRIVATE LIMITED**

**Ratings**

Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities	47.50	CARE BBB [Triple B]	Assigned
Short-term Bank Facilities	10	CARE A3+ [A Three Plus]	Assigned

**Rating Rationale**

The rating for the bank facilities of Ireo Grace Realtech Pvt Limited (IGRPL) derives strength from its experienced promoters and management, their established track record in executing real estate projects and comfortable capital structure. The rating also takes into account the favorable location of the ongoing project, its reasonable sales status, fully paid-up land and all necessary approvals in place. The rating is, however, constrained due to high dependence on customer advances, project execution risk with significant portion of the cost yet to be incurred and inherent risk associated with the real estate industry.

Going forward, the ability of the company to timely execute the project within the envisaged cost and timely recovery of the sales receipts/advances from the customers shall be the key rating sensitivities.

**Background**

Incorporated in 2010, Ireo Grace Realtech Pvt Limited (IGRPL) is part of the IREO group, a real estate private equity fund with investable assets of USD 1.6 billion. IGRPL was incorporated to undertake multiple real estate projects in Gurgaon.

Presently, IGRPL has launched only one project and it proposes to launch one more group housing and three commercial projects in the near future. The said projects are located in Sector 63A & 67A, Gurgaon on total area of 87.50 acres (fully paid up) with an estimated cost of Rs. 4,604 crore. The entire project comprises of a total saleable area of 76 lsf which would be developed as two group housing and three commercial projects. IGRPL has proposed to launch the project in several phases spanning over a period of 5 years. Presently, IGRPL has launched one GH housing project (The Corridors) on a land area of 37.5 acres comprising of 2,000 units.

As on December 31, 2013, IGRPL has sold 20 lsf of area out of the total launched area of 37.5 lsf and received Rs.366 crore on account of the same and has customer receivable of Rs.1,686 crore. On the project execution the company has incurred Rs.335 crore till December 2013, which mainly includes Rs.330 crore on the land acquisition and development.

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<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

*CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.*

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