

August 28, 2014

CARE REVISES THE RATING ASSIGNED TO THE BANK FACILITIES OF LOTUS INFREAREALTY LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	49	CARE D (Single D)	Revised from CARE B+ (Single B Plus)

Rating Rationale

The revision in rating assigned to the bank facilities of Lotus Infrearealty Limited (LIL) primarily factors in the irregularity in servicing of its debt obligations due to weak liquidity position.

Background

Lotus Infrearealty Limited (LIL) was incorporated in December 2010 by the Chourasia family to undertake real estate projects. The promoters have over a decade long experience in the construction of residential and commercial buildings. Over the years, the promoters had developed 8 residential projects in various cities in Madhya Pradesh (MP) under various entities. The promoters also manage other group company engaged in real estate business viz Peptech Builders and Developers Private Limited which is engaged in the execution of residential projects in and around Chhatarpur.

While LIL has already completed the project 'Kirti Apartment' which involved construction of 16 units in March, 2013, the project 'Shri Sai's Lotus City (SSLC)' is under execution which involves construction of 166 residential units upon an area of 387,000 square feet of plotted land with an estimated cost of Rs.79.95 crore.

During FY13 (refers to the period April 1 to March 31), the company has initiated a new project 'Covent Court Mall (Covent)' in Satna, MP which involves construction of 185 commercial units upon an area of 48,635 Square feet of plotted land with an estimated cost of Rs. 55.99 crore. LIL has received all land and other clearances for both the projects.

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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