

JULY 20, 2015

CARE REAFFIRMS RATINGS ASSIGNED TO PROPOSED COMMERCIAL PAPER ISSUE OF OBEROI REALTY LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Proposed short-term Commercial paper	100	CARE A1+ (A One Plus)	Reaffirmed
Total Facilities	100		

Rating Rationale

The rating assigned to the commercial paper of Oberoi Realty Limited (ORL) continues to derive strength from the experienced and professional management of ORL, the group's robust business risk profile marked by its established brand and strong market position in the real estate market of Mumbai and its strong financial risk profile supported by low leverage and healthy cash accruals. The rating also favorably factors revenue visibility emanating from healthy portfolio of leased assets and an operating hotel as well as its alliance with established players for execution of various projects.

Further the rating also considers significant project development plans and the concomitant project execution and sales risk, high dependence on advances from the customers to fund the projects and ORL's concentration in premium housing segment which is susceptible to economic slowdown.

ORL's ability to launch the forthcoming projects in a timely manner and achieve healthy sales volumes as well as collections, while maintaining a comfortable capital structure amidst a challenging economic backdrop are the key rating sensitivities.

While assessing the risk profile of the company, CARE has considered the consolidated financials of ORL since many projects of the company are executed either through subsidiaries or associate companies.

Background

Oberoi Realty Limited (ORL, CIN No. L45200MH1998PLC114818) is the flagship company of Oberoi Realty Group. Its promoter and promoter group have been developing real estate since 1983, initially as a proprietorship firm and, since 1993, through various project-specific entities. ORL (formerly known as Kingston Properties Private Limited), was incorporated in 1998. In 2006, the principal business operations of various group entities were consolidated under ORL and following the consolidation, majority of real estate development activity has been executed by ORL. The principal business of ORL is development of residential projects, however; the group has diversified presence in retail, commercial, hospitality and social infrastructure projects.

As of March 31, 2015, the group has 9 ongoing and 12 upcoming projects which are estimated to cover a total area of approximately 20.61 million square feet.

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

On a total income of Rs.940.16 crore at consolidated level, ORL posted PAT of Rs.317.12 crore for FY15 (refers to period April 01 to March 31).

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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

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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.

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