

Project Star Rating Rationale

- *Project developer quality*

The Mahagun group is promoted by Mr P. K. Jain, Chairman, who has an experience of more than 40 years in the infrastructure industry. Development of residential real estate constitutes core focus area of business activities of Mahagun. The group has already completed construction of about 73.65.0 lakh sq. ft. of residential and commercial real estate in Delhi NCR and currently has projects involving development of approximately 114.5 lakh sq. ft. in hand. In addition, the group had delivered the possession of about 3,000 residential dwelling units to its customers, whereas more than 10,000 units are currently under delivery/ execution. The group has also constructed a shopping mall and has already completed the construction of a five-star hotel in Delhi, which is running under the name of 'Park Plaza'. As such, the group has adequate experience in this line of business.



- *Project construction quality and amenities*

The residential project is located at Sector 78, Noida. The company has tied up with experienced consultants for architecture, and structural planning. Construction work for the project is done by the company itself. The company has tied up with Hafeez Contractor and M/s Vakil Mehta Seth as architects and structural consultants of the project, respectively. Both these companies have considerable experience and have been associated with many other similar size projects in and around Delhi NCR.

Apart from the basic necessities like water provision, power backup, car parking, the project has various amenities for premium living including a club house with facilities like gymnasium, swimming pool, tennis and badminton courts, billiards room, 24/7 security guard service, advanced fire-fighting systems. Furthermore, there is a provision for rain water harvesting, sewage treatment plant and around 40% of the total area has been reserved for lawns, parks, open and landscaped greens.

- *Project legal quality*

The title of the land is clear as this land measuring 100,238 sq. metre had been allotted to MREPL from New Okhla Industrial Development Authority (Lessor) on leasehold basis for 90 years through a lease deed dated May 07, 2010.

The company has its building plan and map approved for FAR of 2.75x from NOIDA, which corresponds to "MahagunModerne" and comprises 17 towers.

In October 2013, National Green Tribunal (NGT) raised a 2002 National Wildlife Board (NWB) ruling to direct Noida Authority to stop construction within 10 km of the Okhla Bird Sanctuary, asking the Centre to make fresh demarcations of the eco-sensitive zone around the sanctuary if necessary. As a result, no housing project within a 10-km radius around the Okhla sanctuary has been awarded completion certificates by the authority.

In September 2014, the Ministry of Environment and Forest (MoEF) has issued a draft notification earmarking 100 metres to 1.27 km from the Okhla Bird Sanctuary as an eco-sensitive zone, reducing it substantially from

the 10-km area directed by NGT. The Centre's draft of the redrawn eco-sensitive zone around the Okhla bird sanctuary does not affect any realty project in the area. The ministry had invited comments and suggestions from the public for the next 60 days. All objections to the governments, draft order were filed and cleared within 60 days as stipulated. However, the final clearance has yet not been received and the final decision remains pending with MoEF. The developers are not issuing completion certificate as of now.

- *Project financial quality*

The total project cost of Rs.1,670 crore is likely to be funded through Rs.71 crore of equity, Rs.130 crore of debt and the rest through customer advances. The company has achieved comfortable sales booking of 35.56l sf (78%) as on September 30, 2014, with sale value of Rs.1,404 crore. Also, the company has already received Rs.1,227 crore, thereby indicating reasonable collection progress. Nevertheless, with high dependence on customer advances, the sale of the remaining inventory as envisaged and the timely collection of customer advances would be important for completing the project in a timely manner.

The execution of the project is in final stages with 83.51% of the total construction cost being incurred as on September 30, 2014. Apart from the additional tower launched by the company, entire construction work is completed. Additional Tower (H16) was launched in September 2012 and is expected to be completed by December 2015.

Project Profile

Project Name	Mahagun Moderne
Project Type	Residential
Project Location	Sector 78, Noida (U.P)
Development type	Leasehold land from NOIDA for 90 years
Project Start Date	April 2010
Scheduled Project Completion Date	December 2015
Agreed upon Possession to the customer	The developer proposes to deliver the residential unit within 48 months from the date of completion of raft.
Total Saleable Area	45.85 lsf
Construction Status	The execution of the project is in final stages with 83.51% of the total construction cost is incurred as on September 30, 2014. Apart from the additional tower launched by the company, entire construction work is completed. Additional Tower (H16) was launched in September 2012 and is expected to be completed by December 2015.

Project Developer Profile

Name of the company developing the project	Mahagun Real Estate Private Limited
Project developer group	Mahagun Group
Development Experience of the developer group	30
No. of years in the industry	>40
No. of projects developed till date	11
Total Area developed till date	73.65 lsf
No of ongoing projects	5

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Disclaimer

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Project Photographs as on February 15, 2015



Low Rise Towers



Tower H7 & H10



Tower H7 & H10

About CARE Ratings

Credit Analysis and Research Limited (CARE Ratings) commenced operations in April 1993 and over nearly two decades, it has established itself as the second-largest credit rating agency in India in terms of rating income. CARE Ratings offers a wide range of rating and grading services across a diverse range of instruments and industries. It has been rating debt instruments, bank loans & facilities and related obligations covering a wide range of sectors. Our client list includes banks, financial institutions, private sector companies, sub-sovereign entities, central public sector undertakings, small and medium enterprises (SMEs) and micro-finance institutions, among others. CARE Ratings has partnered with four other domestic credit rating agencies in Brazil, Malaysia, Portugal and South Africa, to form an international credit rating agency called ARC Ratings.

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