



Press Release

Lucina Land Development Limited

October 31, 2022

Ratings

Instrument / Facility	Amount (Rs. Crore)	Ratings**	Previous Rating	Rating Action	Complexity Indicator (Simple/High/Complex)
<u>Long Term/ Short Term Fund Based Facilities</u> Non-Convertible Debentures (NCDs)	360.00	IVR A+ (CE)* / Credit Watch with Developing Implication; IVR A1+ (CE) [IVR A Plus (Credit Enhancement)/ under Credit Watch with Developing Implication) IVR A One Plus (Credit Enhancement)]	IVR AA- (CE)* / Credit Watch with Developing Implication & IVR A1+ (CE) [IVR Double A Minus (Credit Enhancement)/ under Credit Watch with Developing Implication) IVR A One Plus (Credit Enhancement)]	Rating Revised	Complex
Total	360.00 (Rupees Three hundred and Sixty Crore)				

* Based on the Credit Enhancement in the form of unconditional & irrevocable Corporate Guarantee issued by Indiabulls Real Estate Limited (IBREL) for the NCD of the company.

Details of Facilities are in Annexure 1

Unsupported Rating¹	IVR A+ / Credit Watch with Developing Implication
Rating in the absence of the pending steps/ documents²	IVR A+ / Credit Watch with Developing Implication

Note: Unsupported Rating does not factor in the explicit credit enhancement

1 As stipulated vide SEBI circular no. SEBI/ HO/ MIRSD/ DOS3/ CIR/ P/ 2019/ 70 dated June 13, 2019

2 As stipulated vide SEBI circular no. SEBI/ HO/ MIRSD/ MIRSD_CRADT/ P/ CIR/ 2021/ 554 dated April 27, 2021



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Detailed Rationale

Rating update of Indiabulls Real Estate Limited:

The rating of corporate guarantor of Lucina Land Development Limited i.e., Indiabulls Real Estate Limited has been revised to **IVR A+/Credit Watch with Developing Implications & IVR A1+/Credit Watch with Developing Implications** vide press release dated September 22, 2022. Therefore, the CE rating for Lucina Land Development Limited has been revised and the unsupported rating has been reaffirmed on account of healthy performance of the project.

The ratings assigned to the debt facility of Lucina Land Development Limited derive comfort from Support from Diversified Group with experienced promoters, Available Land Bank and Strategic Location of the project with all necessary approvals. These are partially offset by Slowdown in real estate sector, Nature of real estate industry subject to regulations and High dependence on Customer advances.

The corporate guarantee results in an enhancement in the rating of the said instrument to IVR A+ (CE)*/ Credit Watch with Developing Implication; IVR A1+ (CE) against the unsupported rating of IVR A+/ Credit Watch with Developing Implication.

Key Rating Sensitivities:

Upward Factors

- Completion of Project within stipulated cost.
- Timely sale of flats and adequate cash flow generation.

Downward Factors

- Inadequate and untimely cash flows to the ESCROW account to meet the debt obligations for the projects.
- Changes in regulatory requirement & risk associated with real estate industry.
- Deterioration in risk profile of Guarantor.



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List of Key Rating Drivers with Detailed Description:

Key Rating Strengths:

Support from Diversified Group with experienced promoters

The key strength of the company is their long track record in the industry and its successful execution track record. The senior management of the company have more than two decades of rich experience and have a stronghold in Indian real estate market. Lucina Land Development Limited (LLDL) is a fully owned subsidiary of Indiabulls Real Estate Limited (IBREL). The proposed NCD is backed by unconditional and irrevocable corporate guarantee is issued by Indiabulls Real Estate Limited to the lenders of the company for the repayment obligation on the said facility.

Available Land Bank

Indiabulls Real Estate Limited (IBREL) has a fully paid Land Bank of 1,929 acres, of which around 95% is spread across metro cities of Mumbai, NCR and Chennai region. Additionally, the company also has 1,424 acres of SEZ land in Nashik, Maharashtra. With its focus on core markets of Mumbai and NCR, this portion of land bank would tend to complement the current business strategy.

Strategic Location of the project with all necessary approvals

Lucina Land Development Limited (LLDL) is involved in developing a project - 'Indiabulls Greens & Park' located at Panvel. Panvel is a rapidly developing location. Both social and civic infrastructure around the project site is in good shape. The area enjoys good connectivity to other neighbouring area like Kamothe, Kharghar and Taloja. Nearby landmarks include JNPT, upcoming proposed International Airport Panvel, Mumbai- Pune Expressway & Mumbai- Pune National Highway, SEZ Logistics Park etc. Due to its strategic location, has lately transformed itself from the restive complexes to highly developed commercial & residential hub.

Infrastructural development has given new lease to the town which results in making it as one of the most sought-after properties in Navi Mumbai.



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Panvel is very well connected within the striking distance to Lonavla and Pune on one hand, and to CST and Thane on the other.

Key Rating Weaknesses

Slowdown in real estate sector

The real estate sector in India is witnessing slowdown due to range of reasons including macro-economic factors resulting in higher inventory all over. The piling inventory is making it more difficult for the developers to meet their delivery commitments aggravating the problem.

Nature of real estate industry subject to regulations

The real estate sector is volatile in nature with an inherent liquidity risk associated to it. There may be fluctuations in cash flows due to delayed realization & changes in regulatory requirements. The central law RERA provided the basic framework of consumer protection in real estate transactions: raising disclosure requirements of builders, bridging existing information asymmetry between buyers and builders, and ring-fencing the money paid upfront by buyers.

High dependence on Customer advances

Primarily, the company depends on advances received from its customers and external borrowings to fund its operations. With the strategy to reduce the total debt to zero, IBREL's future operations would depend largely on the advances received from the customers. Any unexpected deviations from the customer receivables would result in delay in company's commitments and have a contagion effect on its financials.

Analytical Approach:

Unsupported rating: Standalone Approach

Credit Enhancement (CE Rating): CE rating is based on an unconditional & irrevocable Corporate Guarantee issued by Indiabulls Real Estate Limited (IBREL) to the lenders of the Company for the repayment obligation on the said facility.



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Applicable Criteria:

[Rating methodology for Infrastructure Companies](#)

[Rating Methodology for Structured Debt Transaction \(Non-securitization transaction\)](#)

[Financial ratios and Interpretation \(Non-Financial Sector\)](#)

[Criteria of Rating Outlook | Infomerics Ratings](#)

Liquidity –Adequate

The Company's sales are expected to rise with an increase in the number of sold flats. The company maintains moderate cash and bank balance to meet its liquidity requirements, thus indicating Adequate liquidity position of the company in meeting its debt obligations.

About the Company:

Lucina Land Development Limited (LLDL) was incorporated on July 25, 2006, as Lucina Land Development Private Limited and is engaged in development of real estate project & other related ancillary activities. The Company is involved in developing a project - 'Indiabulls Greens & Park' located at Panvel. It is a fully owned subsidiary of Indiabulls Real Estate Limited (IBREL).

Financials (Standalone):

(In Crore)

For the year ended/ As on*	31-03-2020 (Audited)	31-03-2021 (Audited)
Total Income	60.98	75.89
PAT	-206.95	-1.80
Total Debt	1316.61	1460.25
Tangible Net Worth	-1244.58	-1246.75
PAT margin (%)	-332.64	-2.36
Overall Gearing Ratio (x)	-1.06	-1.17

* Classification as per Infomerics' standards



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Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2022-23 (Feb 01, 2022)	Date(s) & Rating(s) assigned in 2021-22 (May 28, 2021)
1	Non-Convertible Debentures (NCDs)*	Long Term Fund Based Facilities	360.00	IVR A+ (CE)*/ Credit Watch with Developing Implication	IVR AA-(CE)*/ Credit Watch with Developing Implication & IVR A1+ (CE) (Feb 16, 2022) IVR AA-(CE)*/ Credit Watch with Developing Implication & IVR A1+ (CE) (July 28, 2022)	-	-
2	Proposed Non-Convertible Debentures (NCDs)*	-	-	-	Provisional proposed IVR AA- (CE)*/ Credit Watch with Developing Implication (Feb 16, 2022) Withdrawn (July 28, 2022)	-	-
3	Proposed Non-Convertible Debentures (NCDs)*	-	-	-	-	Provisional proposed IVR AA- (CE)*/ Credit Watch with Developing Implication	-
4	Term Loan	-	-	-	-	-	IVR AA-(CE)* Under Credit



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							Watch with developing implications - Withdrawn (May 28, 2021)

Name and Contact Details of the Rating Analyst:

Name: Sejal Patil

Tel: (022) 62396023

Email: sejal.patil@infomerics.com

Name: Prakash Kabra

Tel: (022) 62396023

Email: prakash.kabra@infomerics.com

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit www.infomerics.com

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type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs 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/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities:

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term– NCD	10-Feb-2022	12.25% p.a. payable on monthly basis	3 years Redemption date: 10-Feb-2025	360.00	IVR A+ (CE)* / Credit Watch with Developing Implication

Synopsis of the Term Sheet - Amount: INR 360 crores:

Issuer	Lucina Land Development Ltd (LLDL), an SPV/WOS formed to develop the project
ISIN number	INE0JZO07016
Seniority	Senior, Listed, rated, secured, redeemable, non-cumulative, taxable, rated, listed securities in the form of Non-convertible debentures
Issue Size	INR 360,00,00,000/- (Rupee Three Hundred and Sixty Crores Only) by Issuance of 3,600 Senior, Secured, Non-Cumulative, Redeemable, Taxable, Rated Listed Debentures of INR 10,00,000/- (Rupee Ten Lacs Only) Face Value Each.

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details: Not Applicable

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com