Ashiana Landcraft Realty Private Limited

June 23, 2020

Ratings

Instruments	Amount (Rs. crore)	Rating[1]	Rating Action
Long-term instrument- Optionally fully convertible debentures	10.00 (Rs. Ten crore only)	**CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)**	Issuer not cooperating; based on best available information
Long- term instruments- Non-convertible debentures	29.01 (Rs. Twenty nine crore and one lakh only)	**CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)**	Issuer not cooperating; based on best available information
Long-term Instruments- Non-convertible debentures	81.00 (Rs. Eighty one crore only)	**CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)**	Issuer not cooperating; based on best available information

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated June 11, 2019; placed the rating(s) of Ashiana Landcraft Realty Private Limited (ALRPL) under the 'issuer non-cooperating' category as ALRPL had failed to provide information for monitoring of the rating. ALRPL continues to be non-cooperative despite repeated requests for submission of information through e-mails dated June 15, 2020; June 16 2020 and June 17, 2020. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

Detailed description of the key rating drivers

At the time of last rating on June 11, 2019 the following were the rating strengths and weaknesses:

Key Rating Weaknesses

Recent delays in debt servicing

There were recent delays in servicing of debt obligations on the OCD and bank facilities. The company had delayed the monthly installment due for the month of March 2019 and the interest payment due on OCD on March 31, 2019. This is on the account of tight liquidity position of the company due to slower sales momentum for its ongoing projects.

Project execution risk

The company is developing a residential group housing project in Sector 88-A, Gurgaon. The total estimated cost of the project is Rs. 1038 cr which will be funded through promoter's contribution of Rs. 59.00 cr, debt of Rs. 423 cr and the rest through customer advances. As on Dec 31, 2018, the promoters have brought in Rs 52.6 Cr, Outstanding debt of Rs. 333 cr availed from PNBHFL and the Piramal Group. As on March 31, 2018, the company has incurred Rs.610 cr out of the total project cost of Rs. 1038 cr that is, ~57% of the total project cost as on Dec 31, 2018 (49% upto March 31, 2018). However, the spending on construction remains low with total expenditure of Rs. 247 cr out of the total Rs. 498 cr on the construction and administration portion, that is, 50% of the total construction and administration cost. As significant portion of the cost is yet to be incurred; the project is exposed to execution risk.

Off take risk

Out of total saleable area of the project of 17.24 lsf, For Phase-1 (saleable area of 8.42 lsf), the company has sold 5.45 lsf of area that is ~64% (61% upto Mar 31, 2018) for sale value of Rs 351 Cr till Dec 31, 2018. The sale has remains slow due to the slowdown in the real estate market. In last 12 months ending Feb 2019, the company has been able to generate collections of Rs. 20 cr.. With significant portion of the project yet to be sold, the company remains exposed to project off-take risk.

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications*

**Issuer did not cooperate; Based on best available information*

Subdued industry scenario

The industry has witnessed muted housing demand during recent past. Further, the impact of Real Estate Regulation Act, 2016 remains to be seen on the developers. It is expected that the developers will have to bring about operational transformation in their business models to comply with RERA requirements.

Key Rating Strengths

Experienced promoters with track record of project execution

The company derives strength from experience of the promoters –Ashiana Homes Pvt ltd (AHPL) and Landcraft Projects Private Limited (LPPL) in the real estate sector. Both the companies have a established track record of executing several real estate projects, including development of township, group housing, commercial complexes, etc. Some of the major completed projects include Ashiana Upvan (Ghaziabad), Ashiana Greens (Ghaziabad), Golf Links Flat (Ghaziabad), Ashiana Palm court (Ghaziabad) etc.

Analytical approach: Standalone

Applicable Criteria

Policy in respect of Non-cooperation by issuer
Criteria on assigning Outlook to Credit Ratings
CARE's Policy on Default Recognition
Rating methodology for Real estate sector
Financial Ratios- Non Financial Sector

About the Company

Incorporated in 2012, ALRPL is a joint development between Ashiana Homes Pvt Ltd (AHPL) and Landcraft Projects Private Limited (LPPL) formed solely for a premium real estate residential project development named 'The Center Court' located at Sector 88A, Gurgaon. LPPL was incorporated in 2007, and is the real estate vertical of Garg group with the presence in Ghaziabad. The group has developed more than 20.04 lsf of area with residential and commercial projects in Ghaziabad. AHPL was incorporated in 1987, with presence mostly in North India and has developed more than 55 lsf of area with 8 completed projects.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	1.63	1.56
PBILDT	47.82	67.99
PAT	(0.04)	(0.34)
Overall gearing (times)	16.86	22.43
Interest coverage (times)	0.98	0.98

A: Audited

Status of non-cooperation with previous CRA: ICRA B-; Stable; Issuer Not Cooperating vide its PR dated November 22, 2019

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non Convertible Debentures (INE509P08031 & INE509P08049)	March 31, 2014	8%	28/04/2023	29.01	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Debentures-Optionally Fully Convertible Debenture (INE509P07074 & INE509P07082)	March 31, 2014	8%	31/03/2021	10.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Debentures-Non Convertible Debentures (INE509P07090)	March 27, 2018	14%	27/03/2021	81.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (01-Apr-19)	1)CARE D (11-May-18) 2)CARE D (05-Apr-18)	1)CARE D (14-Jul-17) 2)CARE BB (SO); Negative (05-May-17)
2.	Debentures-Non Convertible Debentures	LT	29.01	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE D; ISSUER NOT COOPERATING* (07-Apr-20)	1)CARE C; Stable; ISSUER NOT COOPERATING* (12-Jun-19) 2)CARE C; Stable (04-Apr-19) 3)CARE B-; Stable (01-Apr-19)	1)CARE B+; Stable (11-May-18) 2)CARE BB-; Negative (05-Apr-18)	1)CARE BB-; Negative (14-Jul-17) 2)CARE BB (SO); Negative (05-May-17)
3.	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (01-Apr-19)	1)CARE B+; Stable (11-May-18) 2)CARE BB-; Negative (05-Apr-18)	1)CARE BB-; Negative (14-Jul-17) 2)CARE BB (SO); Negative (05-May-17)
4.	Debentures-Optionally Fully Convertible Debenture	LT	10.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D; ISSUER NOT COOPERATING* (12-Jun-19) 2)CARE D (04-Apr-19) 3)CARE B-; Stable (01-Apr-19)	1)CARE B+; Stable (11-May-18) 2)CARE BB-; Negative (05-Apr-18)	1)CARE BB-; Negative (14-Jul-17)
5.	Debentures-Non Convertible Debentures	LT	81.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE D; ISSUER NOT COOPERATING* (07-Apr-20)	1)CARE C; Stable; ISSUER NOT COOPERATING* (12-Jun-19) 2)CARE C; Stable (04-Apr-19) 3)CARE B-; Stable (01-Apr-19)	1)CARE B+; Stable (11-May-18) 2)CARE BB-; Negative (05-Apr-18)	1)CARE BB-; Negative (23-Mar-18) 2)CARE BB-; Negative (19-Feb-18)

Note on complexity levels of the rated instrument: *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.*

Contact us

Media Contact
Name: Mradul Mishra
Contact no. : +91-22-6837 4424
Email ID – mradul.mishra@careratings.com

Analyst Contact:
Name: Sudhir Kumar
Contact No. : 011-45333232
Email ID: sudhir.kumar@careratings.com

Relationship Contact
Name: Swati Agrawal
Contact no. : +91-11-4533 3200
Email ID: swati.agrawal@careratings.com

About CARE Ratings:
CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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