

May 09, 2016

Facility	Amount (Rs. Crore)	Rating
Term Loans	350.00	SMERA BB/Stable (Rating Assigned, Suspension revoked)

SMERA has revoked the suspension of rating on the Rs.350.00 crore bank facilities of Gaursons Promoters Private Limited (GPPL) and assigned long-term rating of '**SMERA BB**' (**read as SMERA double B**). The outlook is '**Stable**'. The suspension was done on January 18, 2016 in the absence of requisite information for the surveillance process. However, the company has now shared the required information with SMERA.

The rating is supported by the experienced management, established brand name "Gaur City" of the company in Delhi/NCR region and its strong project execution capability. SMERA also notes that the company has a track record of timely completion of projects and given timely possession to its customers. However, the rating is constrained by project-specific risks associated with the ongoing township and intense competition in the real estate sector. Besides, the rating also factors in GPPL's financial risk profile marked by high gearing (debt-equity ratio) of 11.17 times as on March 31, 2015 and slow offtake of 14th Avenue (part of Gaur City 2) with 36 percent area sold as on 31 January 2016.

Outlook: Stable

SMERA believes GPPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management and established brand name. The outlook may be revised to 'Positive' if the ongoing project is completed as per the scheduled timelines with robust customer advances. Conversely, the outlook may be revised to 'Negative' in case of inordinate project delays or lower-than-expected advances.

Rating Sensitivity Factors

- Timely completion of project
- Improvement in booking levels

About the Project Gaur City 2

GPPL is engaged in the development of a 112-acre township (Gaur City 2) comprising 11,305 units at an estimated cost of Rs.3,070 crore and expected revenue of ~Rs.4,522 crore at Noida. The company has mobilised total customer advances of ~Rs.2289 crore and incurred project cost of ~Rs.2202 crore as on January 31, 2016.

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About 14th avenue

The company is developing 14th avenue with total saleable area of 45.07 lac square feet with total project cost of Rs 1286 crore. The company has received advances of ~Rs 394 crore as on 31 January 2016 which stands at 22.20 percentage as compared to expected revenue of around Rs. 1774 crore. The company has received 36 percentage of booking in 14th avenue as on 31 January 2016. The debt undertaken for this project is Rs. 350.00 crore.

About the Company

A subsidiary of Gaursons India Limited, GPPL, a Ghaziabad-based real estate company was incorporated in 2006. The company is engaged in the development of a 112-acre township (Gaur City 2) comprising 11,305 units at Noida.

For FY2014-15, GPPL reported profit after tax (PAT) of Rs.162.55 crore on operating income of Rs.665.44 crore, as compared with PAT of Rs.30.88 crore on operating income of Rs.466.56 crore in FY2013-14. The net worth stood at Rs.108.26 crore as on March 31, 2015, as compared with Rs.68.61 crore a year earlier.

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