

Press Release
Cititech Township Private Limited

June 25, 2018

Rating Reaffirmed



| | |
|-------------------------------------|--------------|
| Total Bank Facilities Rated* | Rs. 7.11 Cr. |
| Short Term Rating | ACUITE A4 |

* Refer Annexure for details

Rating Rationale

Acuité has reaffirmed short term rating of '**ACUITE A4**' (**read as ACUITE A four**) on the Rs.7.11 crore bank facilities of Cititech Township Private Limited (CTPL).

Cititech Township Private Limited (CTPL) was incorporated in 2007 by Mr. Vikas Gotewala, Mr. Sanjeev Khokher, Mr. Ramchander Khokher and Mr. Ankit. The company is engaged in the business of real estate development in Karnal (Haryana).

About the Project

The company is currently engaged in development of integrated residential plotted township, namely, Cititech Township in Haryana. The development includes constructing wall fencing, sewage line and partition of land and selling the residential plots to various clients. The ongoing project is currently, located in Assandh (Dist. Karnal) and is spread over 26.44 acres. CTPL has already completed 80 percent of construction of lands. The total cost of the project is Rs.60.74 crore expected to be funded through promoters owned fund capital of Rs.2.05 crore, unsecured loan of Rs.19.34 crore, customer advances and receipts from projects of Rs.39.35 crore.

Key Rating Drivers

Strengths

• **Experienced management**

The promoters have long standing experience of over a decade in the real estate industry.

• **Advanced stage of construction**

The project Cititech Township is in an advanced stage of construction as more than ~80 percent of the land development has been completed. However, the execution and successful sale of the land at Assandh district would be key rating factor as any delays would impinge the future cash flow of the company. The total project cost is Rs.60.74 crore and the total cost incurred till 15 June, 2018 is Rs.31.56 crore.

Weaknesses

• **Moderate level of booking and advance received**

Acuité has noted that the company has received moderate bookings of 60 plots of total 200 plots that are 30.00 percent of total plots to be sold against which the company has received the advance of Rs.10.17 crore and previous receivables is of Rs.18.00 crore till 15 June, 2018.

• **Competition and slowdown in the real estate sector**

Real estate is a highly competitive industry due to presence of multiple players and other projects in the vicinity which results in intense competition from both the organised as well as unorganised players.

Analytical Approach

Acuité has considered a standalone approach towards financial and business risk profile of CTPL to arrive at this rating.

About the Rated Entity - Key Financials

| | Unit | FY17 (Actual) | FY16 (Actual) | FY15 (Actual) |
|-------------------------------|---------|---------------|---------------|---------------|
| Operating Income | Rs. Cr. | - | - | - |
| EBITDA | Rs. Cr. | -0.09 | -0.17 | -0.22 |
| PAT | Rs. Cr. | -0.26 | -0.20 | -0.07 |
| EBITDA Margin | (%) | NA | NA | NA |
| PAT Margin | (%) | NA | NA | NA |
| ROCE | (%) | 0.26 | -0.01 | -0.41 |
| Total Debt/Tangible Net Worth | Times | 9.43 | 9.21 | 14.77 |
| PBDIT/Interest | Times | 0.21 | 0.06 | NA |
| Total Debt/PBDIT | Times | NA | NA | NA |
| Gross Current Assets (Days) | Days | NA | NA | NA |

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Infrastructure Entities - <https://www.acuite.in/view-rating-criteria-14.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

| Date | Name of Instrument / Facilities | Term | Amount (Rs. Crore) | Ratings/Outlook |
|-------------|---------------------------------|------------|--------------------|----------------------|
| 18-May-2017 | Bank Guarantee | Short Term | 7.11 | ACUITE A4 (Assigned) |

*Annexure – Details of instruments rated

| Name of the Facilities | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. Crore) | Ratings/Outlook |
|------------------------|------------------|----------------|----------------|-------------------------------|------------------------|
| Bank guarantee | Not Applicable | Not Applicable | Not Applicable | 7.11 | ACUITE A4 (Reaffirmed) |

Contacts

| Analytical | Rating Desk |
|--|---|
| Suman Chowdhury President- Rating Operations Tel: 022-67141107 suman.chowdhury@acuite.in | Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in |
| Rupesh Patel Analyst - Rating Operations Tel: 022-67141320 rupesh.patel@acuite.in | |

About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.