

## Press Release

Citi Centre Developers

August 16, 2018



**Rating Reaffirmed**

<b>Total Bank Facilities Rated*</b>	Rs. 40.00 Cr. (Enhanced from Rs.20.00 crore)
<b>Long Term Rating</b>	ACUITE B+ / Outlook: Stable

\* Refer Annexure for details

### Rating Rationale

Acuité has reaffirmed the long-term rating of '**ACUITE B+**' (**read as ACUITE B plus**) to the enhanced limit of Rs. 40.00 crore bank facilities of Citi Centre Developers. The outlook is '**Stable**'.

Citi Centre Developers (CCD) is a partnership concern, established in 2013, promoted by Mr Vijay Kumar Jindal, Mr Deepak Aggarwal and Mr. Tejpal Gupta. The firm is currently developing its maiden commercial-cum-residential project named 'Chandigarh Citi Centre' at Zirakpur, Punjab which was launched in September 2013. The project consists of a total of 1835 saleable units including residential apartments and shops.

### Analytical Approach

Acuité has considered the standalone business and financial risk profile of CCD to arrive at the rating.

### Key Rating Drivers

#### Strengths

- **Experienced management**

CCD, established in 2013, was promoted by Mr. Tejpal Gupta, Mr. Vijay Kr. Jindal and Mr. Deepak Aggarwal, who possess experience of over two decades in the real estate sector. Acuité believes CCD will continue to benefit from its promoters' experience in the medium term.

- **Advance stage of project completion and moderate bookings**

Chandigarh Citi Center has a total saleable area of 10.28 lakh sq. feet. The total cost of construction is around Rs. 351.00 crore. The project has been funded by Rs.154.00 crore advances received from customers, Rs.10.00 crore promoters' capital, Rs. 65.00 crore unsecured loans by the promoters and a term loan of Rs. 40.00 crore. The project, comprising 1835 units including shops and residential apartments, is at an advanced stage of construction; approx 70 percent of construction activity has been completed. The firm has received approximately 68 percent of the expected revenue through customer advances. About 68.61 percent of the total saleable area has been booked as on 31<sup>st</sup> March, 2018. The project construction is expected to be completed by December 2018, which has delayed due to change in scope of the project. Acuité expects the firm to maintain healthy debt service coverage ratio over the medium term on account of moderate level of bookings and timely repayments of long-term debt.

#### Weaknesses

- **Intense competition**

The firm's credit risk profile is constrained by the intense competition in the real estate industry along with exposure to project specific risks.

- **Susceptibility to risks associated with real estate industry**

The real estate industry in India is highly fragmented; local players form a major part of this industry. The risks associated with the real estate industry like economic conditions such as demand and supply gaps, can cause sudden drop or surge in property prices, directly affecting the business risk profile of real estate developers.

### Outlook: Stable

Acuité believes that rated facilities of CCD will maintain a Stable outlook over the medium term owing to its experienced management and healthy customer advances. The outlook may be revised to 'Positive' in case the company registers more than expected growth in revenues by successful sourcing and execution of projects. Conversely the outlook may be revised to 'Negative' if the firm fails to achieve the expected number of bookings in its project or if the firm is unable to source more projects in the medium term.

### About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	56.45	88.98	65.24
EBITDA	Rs. Cr.	18.77	11.98	5.08
PAT	Rs. Cr.	4.28	4.28	4.21
EBITDA Margin	(%)	33.24	13.47	7.79
PAT Margin	(%)	7.58	4.82	6.45
ROCE	(%)	16.92	12.03	6.46
Total Debt/Tangible Net Worth	Times	7.69	4.75	4.96
PBDIT/Interest	Times	1.42	1.83	22.38
Total Debt/PBDIT	Times	5.21	7.57	13.58
Gross Current Assets (Days)	Days	700	429	531

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

Not Applicable.

### Any other information

None.

### Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.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 (Up to last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
15-Jun-2017	Working Capital Demand Loan	Long Term	INR 20	ACUITE B+ / Stable

### \*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	40.00 (Enhanced from Rs.20.00 crore)	ACUITE B+ / Stable (Reaffirmed)

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### About Acuité Ratings & Research:

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