



Press Release
GALAXY INFRA CREATIONS PRIVATE LIMITED
March 20, 2025
Rating Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	190.00	ACUITE BB- Stable Upgraded	-
Total Outstanding Quantum (Rs. Cr)	190.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded its long-term rating to '**ACUITE BB-**' (read as **ACUITE double B minus**) from '**ACUITE B+**' (read as **ACUITE B plus**) on Rs.190.00 Cr. bank facilities of Galaxy Infra Creations Private Limited (GICPL). The outlook is '**Stable**'.

Rationale for the rating

The rating upgradation takes into account the moderate project risk supported by on track implementation till date and moderate funding risk on the back of infusion of required funds from the promoters and cash flow from the sales of residential units. Further, the rating considers the lease agreements entered with multiple brands for the mall. The rating also factors in the subsidies to be received by the company from central and state government which shall further improve the cashflows. However, the rating continues to be constrained by the lack of experience of promoters in real estate business and inherent challenges of real estate sector along with high demand risk for the project.

About the Company

Galaxy Infra Creations Private Limited (GICPL) was incorporated on September 3, 2013, and has its registered office in Guwahati, Assam. The company is promoted by Mr. Deepak Kayal, Mr. Manoj Kayal and Ms. Ritu Kayal. The company is constructing a mix development project of residential, commercial & shopping mall named Galaxy City (Project A) and a 5-star category hotel (Project B) for which it has signed an term sheet with Hyatt India Consultancy Private Limited for 25 years from the date of formal opening of the hotel. The total built-up area of the project is ~14 lakh square feet at a project cost of Rs. 526.60 Cr., to be funded through mix of promoter contributions of Rs. 303.63 Cr, advance from customers of Rs. 32.97 Cr. and debt of Rs. 190 Cr. The residential portion will comprise of luxurious 3bhk and 4bhk flats, the mall shall comprise of anchor and vanilla stores, multiplex, food court and other entertainment zones while the commercial portion will consist of office spaces. The construction for entire project is expected to be completed by March 2027.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of GICPL to arrive at the rating.

Key Rating Drivers

Strengths

Moderate project risk

The project implementation risk is moderate marked by 48% completion of Project A and 35% of the Project B till December 31, 2024. Further, out of the total project cost of Rs. 526.60 Cr., as on December 31, 2024, the company has incurred Rs. 230.76 Cr. which has been funded by term loan of Rs. 68.67 Cr., Rs. 152.55 Cr. from promoters' contribution and remaining Rs. 9.54 Cr. from advances from customers for the residential units. The

funding risk is moderate as the debt tie-ups have already been completed. Further, since the company has been managing majority of its expenses till date through promoter and unsecured loan infusions, the loan disbursement has been slow with only Rs. 76.35 Cr. of total loan of Rs. 190 Cr. disbursed till date. Additionally, owing to the decline in the global prices of cement and steel, the company expects reduction in the total project cost. Further, while the company has sold 16 units out of 60 residential units till Feb'25, has entered into lease agreements with some of the leading brands like H&M, Shoppers Stop, PVR Inox, Time zone, however, the demand risk remains high pertaining to the cyclical nature of the real estate industry, unsold inventory for the residential units and commercial office space along with effective strategy to attract customers for higher occupancy in the hotel. Therefore, timely completion of the project and materialisation of the same shall remain a key rating sensitivity.

Incentives from central and state government

The company has signed a Memorandum of Understanding (MoU) with Assam state government wherein the government will be providing incentives and subsidies for the investments incurred to construct the hotel. Additionally, the company has filed an application with the central government to receive incentives under Uttar Poorva Transformative Industrialization Scheme (UNNATI) 2024. Hence, the company will be receiving incentives in the form of waiver of electricity duty, capital investment incentives, interest subsidy, reimbursement of fixed capital investment, subsidy on various equipment as well which will further support the cashflows of the company.

Weaknesses

Greenfield entry of promoter in real estate business

The promoters are into the business of cement manufacturing, manufacturing of asbestos sheet, D.G set manufacturing and dealership of corrugated boxes. The promoters also have prior experience of running Asclepius Hospitals Private Limited (Excel Care), a premium hospital catering across Northeast region. However, promoters/directors of the company have no experience of setting up real estate projects and operating malls and this venture is a greenfield project for them. However, to mitigate this risk, GICPL has appointed consultants having experience in the real estate industry.

Susceptibility to cyclicality inherent in the Indian real estate industry

The real estate segment in India is cyclical and affected by volatile prices, opaque transactions and a highly fragmented market structure. Moreover, the industry is also exposed to certain regulatory policies and regulations which directly impact the demand and operating growth of real estate players. Further, the occupancy levels for the hotel shall be dependent on the seasonality of the tourism. Hence, business risk profile will remain susceptible to risks arising from any industry slowdown.

Rating Sensitivities

- Timely infusion of funds and completion of the projects without any cost overruns
- Increase in residential, commercial and mall bookings to provide cashflow support

Liquidity Position

Adequate

The company's liquidity position is expected to remain adequate to support debt servicing in the near-to-medium term on account of presence of escrow accounts to ensure timely repayment. Further, post completion of the projects, net cash accrual are expected to be sufficient to repay maturing debt obligations. Also, the promoters shall infuse required equity and unsecured loans in a timely manner.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	0.00	1.09
PAT	Rs. Cr.	(0.02)	(4.17)
PAT Margin	(%)	0.00	(383.81)
Total Debt/Tangible Net Worth	Times	14.77	20.46
PBDIT/Interest	Times	0.00	(7125.21)

Project is under construction.

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

Not applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Real Estate Entities: <https://www.acuite.in/view-rating-criteria-63.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
23 Jan 2024	Term Loan	Long Term	140.00	ACUITE B+ Stable (Assigned)
	Term Loan	Long Term	50.00	ACUITE B+ Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
North Eastern Development Finance Corporation Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Mar 2038	50.00	Simple	ACUITE BB- Stable Upgraded (from ACUITE B+)
Central Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Mar 2038	140.00	Simple	ACUITE BB- Stable Upgraded (from ACUITE B+)

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About Acuité Ratings & Research

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