

September 2, 2010

**CARE ASSIGNS 'CARE BBB' RATING TO THE BANK FACILITIES OF  
ALOK REALTORS PVT LTD.**

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities	750.00	'CARE BBB' (Triple B Minus)	Assigned
<b>Total Facilities</b>	<b>750.00</b>		

### Rating Rationale

The rating derives strength from the established track record of the promoter group, good commercial location of the project with near completion status, tie-up of the entire debt, part equity infusion by promoters, marketing arrangements with a renowned international real estate consultant and a reasonable moratorium period for bank loan repayment, providing adequate time to market the project.

The rating is however, constrained by expected oversupply of commercial space in the medium term due to several ongoing projects in the vicinity, the project being mainly for the Information Technology/Information Technology Enabled Services (IT/ITES) sector which is yet to fully recover from the slowdown, high acquisition cost of the project resulting in limited flexibility to market the project at competitive rates in an oversupply scenario and absence of any significant sale agreements with ultimate buyers.

The ability to bring in the balance equity to fund the complete acquisition of the property and market the project at envisaged rates and sales schedule remain the key rating sensitivities.

### Company Profile

Alok Realtors Private Limited (ARPL) belongs to Alok Group, based in Mumbai. ARPL is a wholly-owned subsidiary of Alok Infrastructure Limited (AIFL) which in turn is owned by Alok Industries Limited (AIL, rated 'CARE A+' and 'PR'), a fully-integrated textile major in India. ARPL has entered into a sale agreement with Peninsula Land Limited (PLL) to acquire Peninsula Business Park (PBP) Tower B which has a saleable area of around 0.64 million square feet (msf). The total cost of acquisition is Rs.1270.59 crore, which includes project development cost, stamp duty, Interest During Construction (IDC) and preoperative costs. The acquisition cost is proposed to be funded through a bank loan of Rs.750 crore (already sanctioned), an equity of Rs.500 crore (Rs.296.88 crore infused by March 31, 2010) and the balance through advances from customers (received Rs.8.02 crore as on March 31, 2010). Out of the total acquisition cost, Rs.1100 crore is to be paid to PLL as the project development cost, of which Rs.625 crore has already been paid.

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

ARPL has appointed a well known international real estate consultant to market the property.

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*CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries /regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.*

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