

September 29, 21010

**CARE ASSIGNS 'CARE BB+' RATING TO THE BANK FACILITIES OF
FUTURE REALTORS INDIA PVT. LTD.**

Rating Assigned

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term bank facilities	350.00	'CARE BB+' (Double B Plus)	Assigned

Rating Rationale

The rating is constrained by FRIPL's high level of leverage, volatility in revenue in the past few years and debt servicing in near future being dependent on sale of a property at Ahmedabad. The rating is further constrained by the substantial revenue being derived from the retail segment which is recovering slowly from the slowdown and inherent cyclical nature of the real estate industry.

The rating, however, derives strength from the support of Future Group and experienced management. The rating also factors in mitigation in project execution risk as a result of the acquisition of the entire land, assured customers in the form of group companies and good geographical diversity in respect of the projects under execution.

Outlook of retail industry and prices of retail properties in the future remain the key rating sensitivity.

Company Profile

Future Realtors India Private Limited (FRIPL) was incorporated on April 23, 1984 as Dhruv Synthetics Private Limited (DSPL) by Mr. Kishore Biyani. DSPL was involved in the manufacturing of textiles. In 2008, the name of the company was changed to FRIPL with an objective of the development of organised retail space projects and development and management of commercial space in various parts of the country.

¹ Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

FR IPL floats Special Purpose Vehicles (SPVs) and extends loans to them. The SPVs invest in constructed properties, refurbish them to suit the retail model, lease them to group companies and after certain tenure sell their investments in order to achieve capital gains from which the loans of FR IPL are repaid. Projects under Joint Ventures (JVs) are developed by local partners who have expertise in developing real estate properties in respective areas.

On a total income of Rs.2.89 crore during FY09, the company earned a PAT of 0.02 crore.

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

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