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June 4, 2010

**CARE ASSIGNS 'CARE BBB-' RATING TO THE LONG-TERM BANK FACILITIES OF HIRANANDANI REALTORS PVT LTD.**

**Ratings**

<b>Facilities/Instruments</b>	<b>Amount (Rs. crore)</b>	<b>Ratings<sup>1</sup></b>	<b>Remarks</b>
Long-term Bank Facilities*	150.00	<b>'CARE BBB-' Triple B Minus</b>	Assigned
<b>Total Facilities</b>	<b>150.00</b>		

\* The facilities refer to the loan taken for the first two phases of the project

**Rating Rationale**

The rating derives strength from the experience of HRPL's promoters in real estate development, strong brand image of the Hiranandani group, its reputation of providing quality construction, strategic location of the project in the vicinity of major IT companies, already accomplished tie-up for the entire debt required for the integrated township project, substantial completion and booking of phase I of the project and substantial receipt of advances from the customers.

The rating is, however, constrained by the significant dependence on advances from customers to partly fund the project, the inherent project execution risk considering phase II is still in its nascent stage, and the cyclical nature of the industry which is just showing signs of revival after the slowdown in the real estate sector.

HRPL's ability to execute the project as scheduled and to achieve the envisaged sales are the key rating sensitivities.

**Company Profile**

HRPL is a special purpose vehicle established to set up an integrated township project located at Chennai. It is promoted by Mr. Surendra Hiranandani and his family. In addition to the promoters infusing capital, there is also Foreign Direct Investment (FDI) of around Rs.304 crore.

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

The project undertaken by HRPL is a 108-acre development comprising mainly residential and partially commercial space. Currently, only two phases for residential project have been launched. The company plans to sell a total of 3.71 million square feet (msf) area with 2.04 msf under phase I and 1.67 msf under phase II. The project is underway and phase I and phase II is 53% and 4% complete respectively. The estimated cost of the project is Rs.1,257 crore, which is being funded through a mix of promoters' contribution, FDI, external debt, and advances from customers.

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