

June 4, 2010

CARE ASSIGNS 'CARE BBB-' RATING TO THE BANK FACILITIES OF VAMONA DEVELOPERS PVT LTD.

CARE has assigned a '**CARE BBB-**' (**Triple B Minus**) rating to the Long-term Bank Facilities of Vamona Developers Private Limited (VDPL) aggregating Rs.381.40 crore. This rating is applicable to facilities having tenure of more than one year. Facilities with this rating are considered to offer moderate safety for timely servicing of debt obligations. Such facilities carry moderate credit risk. CARE assigns '+' or '-' signs to be shown after the assigned rating (wherever necessary) to indicate the relative position within the band covered by the rating symbol.

Instrument	Amount (Rs. crore)	Rating
Long-term Bank Facilities	381.40	' CARE BBB- '
Total	381.40	

Rating Rationale

The rating derives strength from the experience of VDPL's promoters in real estate development, infusion of the equity and tie-up of debt for funding of the mall project, advanced stage of completion of civil work and signing of letters of intent (LOIs) with prospective clients, especially anchor tenants, in respect of substantial leaseable area. The rating is, however, constrained by dependence on the sale of bazaar mall, proceeds of which would be used to partly fund the project, inherent project execution risk, higher competition due to oversupply of retail space in Pune and the prevailing lower lease rentals as well as occupancy levels in the city subsequent to slowdown in the real estate sector.

VDPL's ability to execute the project as scheduled and to achieve the envisaged lease rentals and occupancy levels in the external environment characterised by demand slowdown remain the key rating sensitivities.

Company Profile

Vamona Developers Private Limited (VDPL) is a special purpose vehicle promoted by Phoenix Mills Ltd. (PML) and Sharyans Resources Ltd. (SRL) to set up an integrated commercial complex on 13.61 acres at Vimannagar, Pune. The project would have a retail shopping mall, food court and nine-screen multiplex.

The project is estimated to cost Rs.651.50 crore to be financed with a debt to equity ratio of 1.41x. The project is underway and almost 90% of the civil work is complete. VDPL has achieved leasing for about 45% of the leasable area and the mall is estimated to be operational by April 2011.

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CARE 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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