

May 31, 2019

Gaursons Hi-Tech Infrastructure Private Limited: Rating reaffirmed; outlook revised to Positive

Summary of rated action

Instrument	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Term Loan	700.0	700.0	[ICRA]BBB(SO) (Positive); Rating reaffirmed, outlook revised from Stable
Total	700.0	700.0	

**Instrument details are provided in Annexure-1*

Rationale

While arriving at the rating, ICRA has taken a consolidated view on the Gaur Group, of which Gaursons Hi-Tech Infrastructure Private Limited (GHIPL) is a part, given the strong operational, managerial and financial linkages among the companies. The Gaur group comprises Gaursons India (P) Limited (GIPL) and its subsidiaries – Gaursons Hi-Tech Infrastructure Private Limited, Gaursons Realty Private Limited, Gaursons Sportswood (P) Limited, Gaursons Realtech (P) Limited and U.P. Township Infra (P) Limited.

The letters SO in parenthesis suffixed to a rating symbol stand for Structured Obligation. An SO rating is specific to the rated issue, its terms and its structure. SO ratings do not represent ICRA's opinion on the overall credit quality of the issuers concerned.

The rating is based on an unconditional and irrevocable guarantee provided by Gaursons India Private Limited (GIPL/ Guarantor) rated {[ICRA] BBB (Positive)¹} holding 51% of equity in GHIPL, for the Rs. 1,170 crore term loan of GHIPL and an undertaking from the guarantor to ensure that the debt obligations are serviced on or prior to the due date, irrespective of the invocation of the guarantee by the beneficiary.

Outlook: Positive

ICRA's rating has taken comfort from the irrevocable and unconditional corporate guarantee provided by GIPL for the credit facility availed by the company and hence the rating outlook will depend on the outlook and financial performance of the Guarantor.

Key rating drivers

Credit strengths

Corporate Guarantee provided by GIPL to the rated bank facilities of the Company: The rating is based on an unconditional and irrevocable guarantee provided by Gaursons India Private Limited (GIPL/ Guarantor) rated {[ICRA] BBB (Positive) } holding 51% of equity in GHIPL for the Rs. 1,170 crore term loan of GHIPL and an undertaking from the guarantor to ensure that the debt obligations are serviced on or prior to the due date, irrespective of the invocation of the guarantee by the beneficiary.

¹ For detailed rationale of GIPL, please [Click Here](#)

Credit challenges

Not applicable –corporate guarantee backed rating.

Liquidity position

Not applicable –corporate guarantee backed rating.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Approach for rating debt instruments backed by third-party explicit support
Parent/Group Support	Not applicable
Consolidation / Standalone	For arriving at the ratings, ICRA has taken a consolidated view of GIPL and its subsidiaries given the close business, financial and managerial linkages among them.

About the company

GHIPL was incorporated in 2006 and is a subsidiary of Gaursons India Ltd, which is the parent company of the Gaursons Group of Noida. Till date, the group has delivered ~5 million square feet of real estate in Delhi/NCR, particularly in the Ghaziabad and Noida regions. GHIPL is currently developing five projects which includes one residential and two commercial projects.

On a standalone basis, GHPL reported a net profit of Rs. 3.2 crore on an operating income (OI) of Rs. 337.3 crore in FY2018 compared with a net profit of Rs. 3.3 crore on an OI of Rs. 205.7 crore in the previous year.

Key financial indicators (Audited) - Standalone

	FY2017	FY2018
Operating Income (Rs. crore)	205.7	337.3
PAT (Rs. crore)	3.3	3.2
OPBDIT/OI (%)	0.3%	3.5%
RoCE (%)	0.3%	1.9%
Total Debt/TNW (times)	9.4	6.4
Total Debt/OPBDIT (times)	84.0	21.3
Interest Coverage (times)	1.3	270.4

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years

		Current Rating (FY2020)			Chronology of Rating History for the past 3 years				
Instrument	Type	Amount	Amount	Date & Rating	Date & Rating in	Date & Rating in	Date & Rating in	Date & Rating in	
		(Rs. crore)	Outstanding (Rs. crore)		FY2019	FY2018	FY2018	FY2016	
				May 2019	September, 2018	March, 2018	May, 2017	June, 2016	
1	Term Loan	Long Term	700.0	700.0	[ICRA]BBB (SO) (Positive)	[ICRA]BBB (SO) (Stable)	[ICRA]BBB- (SO) (Stable)* Withdrawn	[ICRA]BBB- (SO) (Stable)	[ICRA]BB+ (Stable)

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loan [^]	FY2017	12.44%*	FY2024	700.0	[ICRA]BBB (SO) (Positive)

[^]comprise of different loans with different date of issuance and maturity dates

*weighted average

Source: Company

Annexure-2: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Gaursons Hi-Tech Infrastructure Private Limited	51.00%	Full Consolidation
Gaursons Realty Private Limited	55.00%	Full Consolidation
Gaursons Sportswood (P) Limited	42.00%	Full Consolidation
Gaursons Realtech (P) Limited	100.00%	Full Consolidation
Gaursons Promoters (P) Limited	51.00%	Full Consolidation
U.P. Township Infra (P) Limited	100.00%	Full Consolidation

ANALYST CONTACTS

Shubham Jain
+91-124-4545306
shubhamj@icraindia.com

Manish Ballabh
+91-124-4545812
manish.ballabh@icraindia.com

Mahi Agarwal
+91-33-71501106
mahi.agarwal@icraindia.com

Pallavi Singh
+91-124-4545393
pallavi.singh@icraindia.com

RELATIONSHIP CONTACT

Jayanta Chatterjee
+91 80 4332 6401
jyantac@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries:

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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ICRA Limited

Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: info@icraindia.com

Website: www.icra.in

Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

Branches

Mumbai + (91 22) 24331046/53/62/74/86/87
Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,
Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,
Bangalore + (91 80) 2559 7401/4049
Ahmedabad+ (91 79) 2658 4924/5049/2008
Hyderabad + (91 40) 2373 5061/7251
Pune + (91 20) 2556 0194/ 6606 9999

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