

Three C Green Developers Private Limited

Instrument	Amount Rated	Rating
	In Rs. crore	As in December 2015
Proposed Non-Convertible Debenture Programme	225.0	[ICRA]BBB- (SO) (Stable) (Reaffirmed)

ICRA has reaffirmed the long term rating of [ICRA]BBB- (SO) (pronounced ICRA triple B minus Structured Obligation)* assigned to the Rs. 225.0 crore[†] proposed Non-convertible Debenture Programme (NCD) of Three C greens developers Private Limited (TCGDPL). The long term rating has been assigned a Stable outlook. The letter SO in parenthesis suffixed to a rating symbol stands 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 general credit quality of the issuers concerned.

The reaffirmation of TCGDPL's rating continues to take into consideration the structured payment mechanism involving retention of current and future receivables of its only project - plotted development in Sector 79, Noida, Uttar Pradesh through deposit of such proceeds in an escrow account and presence of waterfall mechanism where-in NCD interest and principal payment will have first claim over the cash flows, post which the payment to Noida authority and construction expenses can be incurred. Additionally, investors also have access to the cash-flows of another project, Lotus Arena II, Sector -79, Noida which is a group housing project and being developed in Piyush IT Solutions Ltd, company entirely owned by TCGDPL. The NCDs have a trustee-monitored payment structure and the trustee monitors the inflow and outflow of funds to and from the escrow account, and the NCD holders' claims on the project's cash flows. The NCDs have a maturity of forty two months with a moratorium of twelve months. The rating also continues to favorably factor in the established track record of TCGDPL's promoters – Lotus Green and 3C group in Noida real estate market in terms of execution, brand strength and marketing network. Further, the group housing project has achieved healthy booking levels of almost 79% by the end of November 2015 (though the project has witnessed a few cancellations in the past year) which lowers the market risk for the project. The rating is however constrained by the company's exposure to execution risks as the on-going projects are in the initial stage of implementation which can also lead to time and cost over runs risk. Consequently, overall customer advances built up has also remained low until now since the payment plan is linked with construction progress. The company is also exposed to market risks as sales momentum has been weak in the plotted colony with almost 80% of inventory yet to be booked and the same is expected to majorly contribute to the total cash flows. This risk is further accentuated by the current sluggish demand in the real estate market. Going forward, incremental sales and customer collections will be critical given that majority of the project cost and repayment of debt obligations are proposed to be funded through customer advances from the two on-going projects. Going forward, TCGDPL's ability to execute the project in timely manner and improve its sales velocity as well as collection would be amongst the other key rating monitorables.

Company Profile

Three C Greens Developers Private Limited (TCGDPL) was incorporated in December 2010 and is engaged in real estate development. Currently, 75% shareholding of the company is with Xanadu Estates Pvt Ltd (company equally owned by Mr. Nirmal Singh, Mr. Surpreet Suri and Mr. Vidur Bhardwaj) and 25% is with Xanadu Infra Developers Pvt Ltd (company owned by Mr. Nirmal Singh).

TCGDPL purchased the land admeasuring approximately 180 acres from Noida Authority for the development of Sports City for recreational, commercial and residential purpose in Sector 79, Noida in October 2011. Consequently, it sold off a few land parcels to other developers in the region and also to

* For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other rating publications

† 100 lakh = 1 crore = 10 million



its group companies, while retaining the land admeasuring ~41 acres for development of a plotted colony with itself. The land has been purchased from Noida Authority on deferred payment basis.

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