

## Ajay Enterprises Private Limited

Instrument	Amount	Rating Action
	In Crore	As on June 2016
<b>Fund Based Limits</b>	130.0 (earlier Rs. 60.0 crore)	[ICRA]BBB+ (Negative); rating reaffirmed
<b>Non Fund Based Limits</b>	10.0 (earlier Rs. 10.0 crore)	[ICRA]A3+ reaffirmed

ICRA has re-affirmed the long term rating of [ICRA]BBB+ (pronounced ICRA triple B plus) for Rs. 130.0 crore<sup>1</sup> fund based limits (earlier Rs. 60.0 crore) of Ajay Enterprises Private Limited (AEPL)<sup>†</sup>. ICRA has also reaffirmed the short term rating of [ICRA]A3+ (pronounced ICRA A three plus) for Rs. 10.0 crore non fund based limits of AEPL. The outlook on the long-term rating has been revised to 'negative' from 'stable'.

The revision in outlook is on account of the sluggish sales velocity in the Greater Noida project, vis-a-vis firm commitments in the form of land and construction costs. This has led to increased reliance on external funding for the company, with steep repayment commitments. Company's project in Greater Noida continues to witness moderate demand and intense competition from numerous projects in the vicinity. The ratings are also constrained by the unsold area in AEPL's commercial project in Gurgaon and slow response and weak profitability in some of the other completed commercial/residential projects. The ratings are also constrained by the overall weak demand and oversupply scenario for the real estate industry in Delhi NCR.

Nevertheless, the ratings derive comfort from AEPL's long track record of operations and experience of the promoters in the real estate industry, strength derived from being a part of the well established Eros group, satisfactory track record of project execution in the past and favourable location of the current projects under development. Moreover, the ratings take into account the future revenue generation opportunities in the form of sizeable quantum of fully paid-for land bank. ICRA also notes the consistent support by promoters in the form of infusion of unsecured loans, deferment of interest and dividend payouts.

Going forward, AEPL's ability to achieve the targeted sales and collection efficiency in the Greater Noida would be the key rating sensitivity.

### Company Profile

Ajay Enterprises Pvt. Ltd (AEPL) is a part of the Delhi based group promoted by Mr. Ajay Sood and Mr. Raman Sood, the other entities of the group being Hotel Excelsior Ltd. (HEL) (rated [ICRA]A (stable)) and Nehru Place Hotels and Real Estate Private Ltd. (rated [ICRA]A (stable)). AEPL is a real estate development company with presence in commercial and residential real estate. The company was part of the Eros group, which is a Delhi-based group having presence in real-estate and hospitality businesses in NCR. The group, promoted by the Sood Family, had several companies involved in executing projects in these sectors. The group underwent a restructuring as a part of family settlement in 2009 wherein the three brothers formed two groups with Mr. Satish Sood on one side and Mr. Raman & Ajay Sood on the other. AEPL is under the ownership of Mr. Raman and Mr. Ajay Sood faction.

### Recent Results

In FY2015, the company reported a Profit after tax of Rs. 43.2 crore on an operating income of Rs. 352.9 crore as against PAT of Rs. 9.78 crore on an operating income of Rs. 105.82 crore in FY2014.

**June 2016**

<sup>1</sup> 100 lakh = 1 crore = 10 million

<sup>†</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.



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