

## KHED Economic Infrastructure Private Limited

Instrument	Amount	Rating Action
Long Term – Fund Based Limits	Rs 611.0 crore	[ICRA]BBB- (Stable) reaffirmed

ICRA has reaffirmed the long term rating at [ICRA]BBB- (pronounced ICRA triple B minus) for the Rs 611.0 crore<sup>1</sup> long term loan of KHED Economic Infrastructure Private Limited (KEIPL) †. The outlook on long term rating is stable.

The rating continues to reflect favourable location in close proximity to Chakan industrial zone; experienced management team and financial flexibility provided by being part of Kalyani Group. The rating also derives comfort from the recent partial denotification approval received by KEIPL for its 900 Ha area which is likely to increase the sales momentum going forward. The rating is however constrained by significant marketing risk given sizeable residual leasable area yet to be tied up. Though expected final de-notification approval by October 2016 should improve sales traction going forward. Consortium of banks has approved deferment of principal repayment obligation till December 2017, which will ease pressure on company's cash flows in the interim. However given the limited cash and bank balances in hand, company's ability to ramp up sale/lease at regular interval remains crucial to serve sizeable interest payment obligation and fixed administrative expenses in the near term. Going forward, Company's ability to ramp up sale/lease momentum in near term remains key rating sensitivity.

### Company Profile

Khed Economic Infrastructure Private Limited (KEIPL), a Special Purpose Vehicle (SPV) jointly promoted by Kalyani Group (KG, 74% equity stake) and Maharashtra Industrial Development Corporation (MIDC, 26% equity stake), is undertaking to implement a sector specific SEZ, DTA and IIA over an area of 1750 Ha in Khed Taluka near Pune District in the State of Maharashtra. KEIPL had signed LA with MIDC for 1,200 Ha land on December 18, 2009 and for 505.62 Ha land on June 30, 2010. The above lease is for an initial period of 95 years, extendable for a further period of 95 years. Earlier, company was planning to setup multiproduct SEZ in 1,000 Ha however the plan is now revised to setup 100Ha SEZ and develop remaining 900Ha area as Independent Industrial Area (IIA) under Maharashtra Industrial Policy, 2013. KEIPL has received Government of Maharashtra NOC for final denotification of 655 Acres. Company expects to receive final denotification by Oct 2016.

Mr. B. N. Kalyani, Chairman of Kalyani Group is also the chairman of KEIPL.

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

† 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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