

September 28, 2017

## Cornerview Constructions and Developers Private Limited

### Summary of rated instruments

Instrument*	Rated Amount (in Rs. crore)	Rating Action
Long-term –Non-Convertible Debentures	110.00	[ICRA]B (Stable); revised from [ICRA]D
<b>Total</b>	<b>110.00</b>	

\*Instrument details are provided in Annexure-1

### Rating action

ICRA has revised the long-term rating for the Rs. 110.00 crore<sup>1</sup> non-convertible debentures of Cornerview Constructions & Developers Pvt. Ltd. (CCDPL or ‘the company’<sup>2</sup>) to [ICRA]B (pronounced ICRA B) from [ICRA]D (pronounced ICRA D). The outlook on the long-term rating is Stable.

### Rationale

The revision in rating factors in the favourable debt refinancing leading to elongated repayment schedule. CCDPL has acquired 96 units from Acme Housing India Pvt. Ltd. in the project, “Acme Ozone”, at a cost of Rs. 70.50 crore by issuing NCDs. These NCDs will be repaid through eventual sale of the identified units. The NCD is to be repaid in October 2019, which allows flexibility in repayment such that the entire amount is repaid at maturity, giving a pre-determined assured return. The rating also takes into account established position and track record of the promoter group in real estate development in Mumbai with an experience of over four decades.

The rating, however, is constrained by the high execution risks of the underlying project; given that only ~65% of the estimated construction cost has been incurred in the project till July 2017. The rating also takes into account the exposure to high market risks with only 1% of the area of the identified units being sold till July 2017, and slowdown in the real estate sector. However, the favourable location of the project provides some comfort. The rating is further constrained by CCDPL’s high dependence on the Acme Group for the sale of its share of the identified units.

Going forward, the company’s ability to liquidate the units in a timely manner and achieve healthy realisation remains critical.

### Key rating drivers

### Credit strengths

- **Favourable debt refinancing leading to elongated repayment schedule**-The company has redeemed Rs. 27.50 crore of NCDs (Series A) and repaid Rs. 8.50 crore of inter corporate deposits and Rs. 7.00 crore of overdue interest by issuing fresh series of NCDs amounting to Rs.43.00 crore (Series A2) in May 2017. The repayment of total NCDs of Rs. 70.5 crore (Series A2 and B) is due in October 2019. ICRA draws comfort from sufficient cushion available with the company to improve its bookings and cash flows before the redemption date.

<sup>1</sup>100 Lakh = 1 Crore = 10 Million

<sup>2</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

- **Extensive experience of promoters and support from strong parent-** CCDPL is a part of the Acme Group of Companies, promoted by the Mumbai-based Doshi family. The group is primarily engaged in real estate development, operating in the residential, commercial and retail spaces in Mumbai through various group companies. The group has successfully completed more than 63 residential and commercial projects and has developed more than 20 lakh sq. ft. of construction in the western suburbs of Mumbai.
- **Favourable location of the project-** ‘Acme Ozone’ is located near Manpada, Off Ghodbunder Road, Thane. There are industrial belts like Waghle Estate, where in several SME units as well as IT/ITeS companies are located. The micro market also has a well-developed infrastructure and connectivity to Greater Mumbai as well as affordability. It is situated in proximity to Ghodbunder Road, located ~0.4 km off the main road as well as the proximity to Eastern Express highway (~3 km) provides it with ease of accessibility and connectivity.

#### **Credit weaknesses**

- **Delays observed in project execution; exposure to high execution risk as the development of identified towers is in early stage of development-** The completion of MMRDA building was delayed by more than nine months, while the scheduled completion date of other towers has been revised by three to nine months. While, the budgeted construction cost of the project is estimated to be Rs. 791.00 crore and the company has incurred a total cost of 65% till July 2017. Taking into consideration the units identified by the investor in three buildings (Dandelia, Alpinia and Herbilia), the project is relatively in early stage of execution since only in Dandelia and Alpinia, the reinforced cement concrete is completed and is in finishing stage. In Herbilia, the company has only completed the ground floor slab till July 2017. Thus, the execution risks in terms of time and cost overrun remains on the higher side.
- **Exposure to high market risks with only 1% of the area of the identified units being sold-** Of the total units of 1,611, the company has received bookings for 1,062 units till July 2017 accounting for 66% of the total saleable area. The company has received Rs. ~735.00 crore against a booked value of Rs. 1004.94 crore. The project’s market risk remains moderate as 34% of the inventory in the project is still unsold and around 95% of the area in identified units remains unsold. The sales of identified units at projected price will remain critical for NCD repayment and to earn pre-determined return.

**Analytical approach:** For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

#### **Links to applicable criteria:**

[Corporate Credit Rating Methodology](#)

[Rating Methodology for Real Estate Entities](#)

#### **About the company:**

Incorporated in FY2014, CCDPL is a closely held private limited company. It is part of the Acme Group of companies (Acme), promoted by the Mumbai-based Doshi family. The group is primarily engaged in real estate development and caters to the residential, commercial and retail space in Mumbai through various group companies. The group has many on-going projects across residential and commercial spaces in Mumbai. A major project being Acme Ozone, which is a residential project being developed by Acme Housing India Private Limited (‘AHIPL’ or the ‘developer’). CCDPL has acquired 96 units in the project, funded through Non-convertible Debentures (NCDs) of Rs.70.50 crore. The units would, thereafter, be sold by CCDPL. The sales proceeds thus generated would be utilised to provide an exit to the investors. CCDPL has no other on-going projects.

The company has not recognised any sales from sale of identified flats.

**Key financial indicators (Audited)**

	FY2016	FY2017
Operating Income (Rs. crore)	0.00	0.00
PAT (Rs. crore)	-0.03	-0.21
OPBDIT/ OI (%)	-	-
RoCE (%)	-	-0.26%
Total Debt/ TNW (times)	-2118	-297
Total Debt/ OPBDIT (times)	-1154	-380
Interest Coverage (times)	-	-
NWC/ OI (%)	1385%	151%

*OI: Operating Income; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; ROCE: PBIT/Avg (Total Debt + Tangible Net-Worth + Deferred Tax Liability - Capital Work - in Progress);*  
*NWC: Net Working Capital*

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:**

**Table:**

S.No	Name of Instrument	Current Rating (2017)		Chronology of Rating History for the past 3 years			
		Type	Rated amount (Rs. crore)	Date & Rating	Date & Rating in FY2018	Date & Rating in FY2017	Date & Rating in FY2016
				<b>September 2017</b>	<b>June 2017</b>	<b>March 2017</b>	<b>October 2015</b>
1	Non-Convertible Debentures	Long-term	110.00	[ICRA]B (Stable)	[ICRA]D	[ICRA]BB- (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](http://www.icra.in)

**Annexure-1**  
**Instrument details**

<b>Name of the instrument</b>	<b>Date of issuance</b>	<b>Coupon rate</b>	<b>Maturity</b>	<b>Size of the issue (Rs. crore)</b>	<b>Current Rating and Outlook</b>
Non-Convertible Debentures-Listed	29-October-2015	18%	29-October-2019	27.50	[ICRA]B (Stable)
Non-Convertible Debentures-Unlisted	27-May-2017	18%	29-October-2019	43.00	[ICRA]B (Stable)
Non-Convertible Debentures	Not issued yet	-	-	39.5	[ICRA]B (Stable)

Source: Company

## Contact Details

### Analyst Contacts

**Subrata Ray**

+91 22 6114 3408

[subrata@icraindia.com](mailto:subrata@icraindia.com)

**Suprio Banerjee**

+91 22 61143443

[supriob@icraindia.com](mailto:supriob@icraindia.com)

**Rupa Pandey**

+91 22 61143456

[rupa.pandey@icraindia.com](mailto:rupa.pandey@icraindia.com)

**Pragya Sharma**

+91 22 61143454

[pragya.sharma@icraindia.com](mailto:pragya.sharma@icraindia.com)

### Relationship Contact

**Jayanta Chatterjee**

+91 80 4332 6401

[jayantac@icraindia.com](mailto:jayantac@icraindia.com)

About ICRA Limited:

**ICRA Limited** was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

© Copyright, 2017, ICRA Limited. All Rights Reserved

Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001  
Tel: +91-11-23357940-50, Fax: +91-11-23357014

**Corporate Office****Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: [vivek@icraindia.com](mailto:vivek@icraindia.com)

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002  
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax: +91- 124-4050424

**Mumbai****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

3rd Floor, Electric Mansion  
Appasaheb Marathe Marg, Prabhadevi  
Mumbai—400025,  
Board : +91-22-61796300; Fax: +91-22-24331390

**Kolkata****Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: [jayanta@icraindia.com](mailto:jayanta@icraindia.com)

A-10 & 11, 3rd Floor, FMC Fortuna  
234/3A, A.J.C. Bose Road  
Kolkata—700020  
Tel +91-33-22876617/8839 22800008/22831411,  
Fax +91-33-22870728

**Chennai****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

5th Floor, Karumuttu Centre  
634 Anna Salai, Nandanam  
Chennai—600035  
Tel: +91-44-45964300; Fax: +91-44 24343663

**Bangalore****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

'The Millenia'  
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,  
Murphy Road, Bangalore 560 008  
Tel: +91-80-43326400; Fax: +91-80-43326409

**Ahmedabad****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

907 & 908 Sakar -II, Ellisbridge,  
Ahmedabad- 380006  
Tel: +91-79-26585049, 26585494, 26584924; Fax:  
+91-79-25569231

**Pune****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range  
Hills Road, Shivajinagar, Pune-411 020  
Tel: + 91-20-25561194-25560196; Fax: +91-20-  
25561231

**Hyderabad****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj  
Bhavan Road, Hyderabad—500083  
Tel:- +91-40-40676500