

Rating Rationale

Brickwork Ratings has revoked the suspension of its rating & has reaffirmed 'BWR BB (SO)' for Century Real Estate Holdings Pvt. Ltd's NCD issue of ₹ 170 Cr (raised amount out of rated ₹ 200 Cr).

The ratings were previously 'Suspended' by BWR vide its press release dated March 2nd 2015.

Brickwork Ratings has **revoked the suspension and has reaffirmed 'BWR BB (SO)' Outlook Stable Rating¹** for Century Real Estate Holdings Pvt. Ltd's (CREHPL or the 'Company') NCD issues of ₹ 170 Crores (raised amount out of rated ₹ 200 Crores). The ratings were previously 'Suspended' by BWR vide its press release dated March 2nd 2015. CREHPL has now shared the information, enabling BWR to review the said rating and revoke the suspension.

The Company has provided Amendment Debenture Subscription Agreement, wherein maturity of the said NCD's has been extended by the investors till Sep 30th 2015, subject to mutually agreed terms. The revision in tenor is an outcome of discussions between the Company and investors, ahead of the earlier maturity date. The Company also has the right to prepay the said amounts prior to the due date.

Background

Established in 1973, the Century Group has over the years evolved into a full service real estate developer since 2004. The Group initially focused on acquiring and consolidating land parcels on a large scale. Century is promoted by Dr. P Dayananda Pai (also Founder of Vidya Sagar Schools and a recipient of Karnataka Udyog Award in 1990) and his brother Mr. P Satish Pai. Mr. Ravindra Pai, who is a post graduate from the Indian Institute of Management, Bangalore, is the Managing Director.

Financial Analysis

As per audited FY14 financials, CREHPL reported income of ₹ 149.59 Crs compared to ₹ 103.24 Crs in FY13. The profit after tax for FY14 stood at ₹ 0.38 Crs compared to net loss of ₹ 3.78 Crs in FY13.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Rating Outlook

Century has a substantial land bank in and around Bengaluru and this will enable the Company to grow, as it unlocks value from this asset. However, the delays in the projects under execution continue to remain a concern and as a consequence, the repayment of dues may have to be supported by refinancing. The Company's ability to timely generate funds via refinancing/internal sources ahead of the scheduled due payments will be crucial.

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