

April 5, 2018

To,

The General Manager
Department of Corporate Services
BSE Limited,
Floor 25, P J Towers,
Dalal Street,
Mumbai – 400 001

Re: **Scrip Code: 948003 (ISIN - INE451H07332)**
Scrip Code: 948005 (ISIN - INE451H07340)
Scrip Code: 948012 (ISIN - INE451H07357)

Ref: **Regulation 55 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Sub: **Credit Rating of 22,600, 11.25% Secured, Redeemable, Non-Convertible Debentures (NCDs), of face value of Rs.10,00,000/- (Rupees Ten Lakh) each**

Dear Madam,

This is to inform you that, with reference to Regulation 55 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Credit Rating of 22,600, 11.25% Secured, Redeemable, Non-Convertible Debentures (NCDs), of face value of Rs.10,00,000/- (Rupees Ten Lakh) each issued by the Company has been reviewed and rated by CARE Ratings as follows:

| Instrument | Amount (in INR) | Ratings | Rating Action |
|---|---|--|----------------------|
| 22,600, 11.25% Secured, Redeemable, Non-Convertible Debentures (NCDs), of face value of Rs.10,00,000/- (Rupees Ten Lakh) each | Two Thousand Two Hundred and Sixty Crores | CARE BB: Stable (Double B); Outlook Stable | Reaffirmed |

Thanking you,

Yours faithfully,

For Emaar MGF Land Limited

Sd/-
Bharat Bhushan Garg
Company Secretary

CARE/DRO/RL/2018-19/1012

Mr. Sanjay Malhotra
Chief Executive Officer
Emaar MGF Land Ltd.
Emaar Business Park, Mehrauli Gurgaon Road,
Sikanderpur Chowk, Sector - 28,
Gurgaon- 122002

April 03rd, 2018

Confidential

Dear Sir,

Credit rating for outstanding Non-Convertible Debenture issue

On a review of recent developments including operational and financial performance of your company for FY17 (audited) and 9MFY18 (provisional), our Rating Committee has reviewed the following rating:

| Instrument | Amount (Rs. crore) | Rating ¹ | Rating Action |
|---------------------------------|---|---|---------------|
| Non-Convertible Debenture issue | 2260 (Rs. Two Thousand Two Hundred Sixty crore only) | CARE BB; Stable (Double B); Outlook: Stable | Reaffirmed |

- The NCDs are repayable by December 31, 2019.
- The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as Annexure. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by April 4th, 2018, we will proceed on the basis that you have no any comments to offer.

¹ Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

4. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
5. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instrument, CARE shall carry out the review on the basis of best available information throughout the life time of such instrument. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
6. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
7. CARE ratings are **not** recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking
Yours faithfully,

Vijay Arora
[Vijay Arora]
Deputy Manager
vijay.arora@careratings.com

Gaurav Dixit
[Gaurav Dixit]
Deputy General Manager
gaurav.dixit@careratings.com

Encl.: As above

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating/outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

**Annexure
Press Release**

Emaar MGF Land Limited

Ratings

| Facilities | Amount (Rs. crore) | Rating¹ | Rating Action |
|-------------------------------------|--|--|----------------------|
| Non- Convertible Debenture Issue | 2260.00 (Rs. Two Thousand Two Hundred Sixty crore only) | CARE BB; Stable [Double B; Outlook: Stable] | Reaffirmed |

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The reaffirmation of the rating to the Non-Convertible Debentures (NCDs) of Emaar MGF Land Limited (EMGF) takes into account the change in the management of EMGF with Dubai-based Emaar PJSC taking control of the company and extending its operational and financial support to EMGF. The rating continues to derive strength from experienced promoters, long track record of operations, established brand in the National Capital Region (NCR) and availability of large land bank which is largely paid for. These rating strengths are, however, constrained by continuing losses, concentration of projects in National Capital Region (NCR) and slowdown in the real estate industry. Going forward, the ability of the company to timely execute and deliver its projects, improvement in its capital structure and impact of outcome of pending litigation shall be the key rating sensitivities.

Detailed description of the key rating drivers

Key Rating Strengths

Change in the management of the company

Emaar Properties PJSC has formally taken over control of the management of the company on May 23, 2016, and henceforth, playing an active role in the decisions of the company. Mr H. E. Mohamed Ali Alabbar is Chairman of Emaar Properties PJSC. He is also the Chairman of Emaar MGF Land Limited. Mr Sanjay Malhotra is the Chief Executive Officer (CEO) of the company. Current management of company has vast experience in the real estate sector.

Support from Emaar PJSC:

During FY18, till February 2018, EMGF has raised funds amounting Rs 700 crore at competitive prices, secured by the SBLC from Emaar PJSC, Dubai. In addition, during FY17 (refers to the period April 1 to March 31), EMGF had raised around Rs 2,500 crore which were also backed by letter of guarantee and SBLC from Emaar PJSC, Dubai for the purpose of expediting their current projects under construction, replace some of its existing high cost borrowings, clear vendor/contractor and EDC/IDC (External

Development Charges/ Internal Development Charges) dues. The company has revamped its project management team and has roped in professionals from reputed real estate development companies to fast track its projects.

Experienced promoters and track record of project execution; however, ongoing restructuring of business

Emaar MGF Land Limited (EMGF) was incorporated in 2005 as a joint venture between Dubai-based Emaar Properties PJSC (Emaar PJSC) and MGF Group (MGF), India. Promoted by Government of Dubai, Emaar PJSC is a public limited company and has presence in hospitality, education, healthcare and finance with operations in 14 countries. It has developed approximately 89 million square feet of real estate across residential, commercial and other segments. MGF Group was founded in 1930 and started operations with vehicle financing business and later diversified into factoring, financial services and real estate development. EMGF itself has track record of successful completion of real estate projects, including group housing and commercial complexes. The company had been facing stress on its liquidity position in the past which had affected its project execution capability. Subsequently, the company has reorganized its management structure and gone for the demerger which has been approved by NCLT in January 2018.

Large land bank

As on December 31st, 2017, EMGF (along with associates/subsidiaries) has a land/development rights of around 8,912.09 acres (including 2971.53 acre with MGF development), with majority of land bank is already paid up (excluding regulatory charges like External/Internal Development charges). In terms of geographical distribution, land bank is located in more than 20 cities with majority of the land is spread across National Capital Region (Delhi – NCR) and Mohali.

Key Rating Weakness

Subdued operational and financial performance on account of challenging real estate scenario

The total income has declined to Rs 1004.73 crore for FY17 as compared to Rs 1115.59 crore on account of subdued market conditions which culminated into low collection. The EMGF has reported losses from operation as depicted by the PBILDT margin of (3.57%) for FY17 as compared to 4.95% for FY16 on account of increase in the claim and compensation by the buyers. Similarly, bottom line was also impacted on account of higher interest cost. To bridge the cash flow mismatch, EMGF resorted to borrowings, supported by Emaar PJSC, Dubai, which had increased their gearing to 2.13 times as on March 31, 2017 as compared to 1.56 times as on March 31, 2016.

Stress in liquidity position of the company

On account of large inventory getting piled up, there has been slow sale with low collections leading to stress in the liquidity position of the company. In order to improve the liquidity position, company has been exploring options to monetize their non-core assets, land banks and enter in joint development with other prospective players. The company has also approached its NCD investors to defer its monthly coupon payments which were beginning from April 30, 2018 to be paid along with principal amount in December 2019 on which the investor approval is awaited. Timely receipt of approval from investors for deferment of the coupon payment will continue to be a key rating sensitivity.

Pending litigations

There are pending litigations in relation to the claims filed against the Emaar MGF Group by Delhi Development Authority in relation to commonwealth Games Village Project. These matters are presently sub-judice, any adverse impact of these shall have an impact on the credit profile of the company.

Analytical approach:

CARE has taken consolidated approach for the ratings of EMGF. EMGF along with its subsidiaries and joint ventures (EMGF group wherein EMGF is the holding company) is engaged in the business of real estate development including residential and commercial projects and is controlled and managed by common management.

Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Financial ratios – Non-Financial Sector](#)

[CARE's methodology for Factoring Linkages in Ratings](#)

About the Company

Emaar MGF Land Limited (EMGF) was incorporated in 2005 as a joint venture between Dubai-based Emaar Properties PJSC (Emaar PJSC) and MGF Group (MGF), India. Promoted by Government of Dubai, Emaar PJSC is a public limited company listed in Dubai and has presence in hospitality, education, healthcare & finance with operations in 14 countries. EMGF is focusing on the development of residential projects in Gurugram, Haryana and elsewhere in Delhi/NCR, Mohali, Chennai and other key Indian cities. The Company is presently developing 46 residential and 8 commercial/retail projects, with an aggregate saleable area approximately 453 lac square feet spread across 9 cities including Delhi, Gurgaon/NCR, Mohali, Chennai and Lucknow. EMGF is a real estate developer with pan-India presence (major focus being in Northern India, especially NCR) and operations spanning across residential, commercial, retail and hospitality sectors.

| Brief Financials (Rs. crore) | FY16 (A) | FY17 (A) |
|-------------------------------------|-----------------|-----------------|
| Total operating income | 1115.59 | 1004.73 |
| PBILDT | 55.27 | -34.85 |
| PAT | -650.89 | -757.97 |
| Overall gearing (times) | 1.56 | 2.13 |
| Interest coverage (times) | 0.08 | -0.05 |

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Analyst Contact:

Name: Mr Gaurav Dixit

Tel: 011-45333235

Mobile: 9717070079

Email: gaurav.dixit@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure-1: Details of Instruments/Facilities

| Name of the Instrument | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. crore) | Rating assigned along with Rating Outlook |
|--|------------------|-------------|---------------|-------------------------------|---|
| Fund-based - LT-Working Capital Limits | - | - | - | 0.00 | Withdrawn |
| Non-fund-based - LT-BG/LC | - | - | - | 0.00 | Withdrawn |
| Debentures-Non Convertible Debentures | - | - | Dec-2019 | 2260.00 | CARE BB; Stable |

Annexure-2: Rating History of last three years

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings | | | Rating history | | | |
|---------|--|-----------------|--------------------------------|-----------------|---|---|---|---|
| | | Type | Amount Outstanding (Rs. crore) | Rating | Date(s) & Rating(s) assigned in 2018-2019 | Date(s) & Rating(s) assigned in 2017-2018 | Date(s) & Rating(s) assigned in 2016-2017 | Date(s) & Rating(s) assigned in 2015-2016 |
| 1. | Fund-based - LT-Working Capital Limits | LT | - | - | - | 1)CARE BB; Stable (04-May-17) | 1)CARE B; Stable (23-Jan-17) | 1)CARE B (05-Nov-15) 2)CARE BB (20-Apr-15) |
| 2. | Non-fund-based - LT-BG/LC | LT | - | - | - | 1)CARE BB; Stable (04-May-17) | 1)CARE B; Stable (23-Jan-17) | 1)CARE B (05-Nov-15) 2)CARE BB (20-Apr-15) |
| 3. | Debentures-Non Convertible Debentures | LT | - | - | - | 1)Withdrawn (20-Apr-17) | 1)CARE D (23-Jan-17) | 1)CARE B (05-Nov-15) 2)CARE BB (20-Apr-15) |
| 4. | Debentures-Non Convertible Debentures | LT | 2260.00 | CARE BB; Stable | - | 1)CARE BB; Stable (04-May-17) | 1)CARE D (23-Jan-17) | 1)CARE D (05-Nov-15) 2)CARE BB (20-Apr-15) |