

Shree Vardhman Infraheights Private Limited

July 04, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Non-Convertible Debenture	140.00	CARE D	Revised from CARE B; Stable (Single B; Outlook; Stable)
Total	140.00 (Rupees One Hundred forty crore only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The revision in the rating assigned to the NCD of Shree Vardhman Infraheights Private Limited (SVIPL) takes into consideration the delays in debt servicing of the interest payments by the company.

Detailed description of the key rating drivers

Key Rating Weaknesses

Ongoing delays in debt servicing

As per the information received from the debenture trustee, the company has delayed in debt servicing of the interest payments falling due on June 28, 2019.

Subdued industry scenario

With the on-going economic conditions, the real estate industry is currently facing issues on many fronts, including subdued demand, curtailed funding options, rising costs, restricted supply due to delays in approvals, etc. thereby resulting in stress on cash flows of developers. The industry has seen low demand in the recent past, primarily due to factors like sustained high level of inflation leading to high interest rates and adverse impact on the buying power and affordability for the consumers.

Key Rating Strengths

Experienced promoters

Shree Vardhman Infraheights Pvt Ltd is a real estate development firm, incorporated in 2011, and is part of 'Shree Vardhman group'. The company was founded by Mr Sandeep Jain & Mr Sachin Jain, who have experience in the real estate industry. 'Shree Vardhman' group has been engaged in real estate development and is developing several projects through different SPV (Special Purpose Vehicle).

Liquidity: Poor

The liquidity position of the company stood poor mainly on account of lower customer collections from the projects in comparison to the debt repayment obligations.

Analytical approach: Standalone

Applicable Criteria

Criteria on assigning Outlook to Credit Ratings

CARE's Policy on Default Recognition

Financial ratios – Non-Financial Sector

About the Company

Shree Vardhman Infraheights Pvt Ltd is a real estate development company, incorporated in 2011. It belongs to 'Shree Vardhman group' and is incorporated for the residential project 'Victoria' located in Gurgaon, having total saleable area of 13.42 lsf (SVIPL's share of 11.73 lsf). The company was founded by Mr. Sandeep Jain & Mr. Sachin Jain, who have experience in the real estate industry.

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

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	42.22	17.55
PBILDT	21.63	22.51
PAT	4.15	3.03
Overall gearing (times)	48.08	23.33
Interest coverage (times)	1.41	1.26

A: Audited

Status of non-cooperation with previous CRA: NA

Any other information: NA

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

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
Debentures-Non Convertible Debentures	May 23, 2016	15.50%-17.00%	March, 2022	90.00	CARE D
Debentures-Non Convertible Debentures	July 18, 2017	15.50%-16.00%	March, 2023	25.00	CARE D
Debentures-Non Convertible Debentures	Oct 31, 2018	15.50%-17.00%	October, 2024	10.00	CARE D
Proposed Debentures-Non Convertible Debentures	-	-	-	15.00	CARE D

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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Debentures-Non Convertible Debentures	LT	140.00	CARE D	-	1)CARE B; Stable (07-Mar-19) 2)CARE B+; Stable (10-Oct-18) 3)CARE BB-; Stable (06-Jul-18)	1)CARE BB; Negative (28-Jul-17)	1)CARE BB; Stable (20-Mar-17) 2)CARE BB (06-May-16)

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.

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About CARE Ratings:

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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.

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

Shree Vardhman Buildprop Private Limited

July 04, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating ⁹	Rating Action
Long-term Instruments (Non-Convertible Debentures- NCDs)	35.00	CARE D	Revised from CARE B+; Stable (Single B Plus; Outlook: Stable)
Total	35.00 (Rs. Thirty five crore only)		

Details of instruments/facilities in Annexure-1
Detailed Rationale & Key Rating Drivers

The revision in the rating assigned to the NCD of Shree Vardhman Buildprop Private Limited (SVBPL) takes into consideration the default in debt servicing of the interest payments by the company.

Detailed description of the key rating drivers
Key Rating Weaknesses
Ongoing delays in debt servicing

As per the information received from the debenture trustee, the company has delayed in debt servicing of the interest payments falling due on June 28, 2019.

Subdued industry scenario

With the on-going economic conditions, the real estate industry is currently facing issues on many fronts, including subdued demand, curtailed funding options, rising costs, restricted supply due to delays in approvals, etc. thereby resulting in stress on cash flows of developers. The industry has seen low demand in the recent past, primarily due to factors like sustained high level of inflation leading to high interest rates and adverse impact on the buying power and affordability for the consumers.

Key Rating Strengths
Experienced promoters with established track record of operations

Shree Vardhman Buildprop Pvt. Ltd. is a real estate development company, incorporated in 2010. It belongs to 'Shree Vardhman group' and is promoted by Mr. Sandeep Jain who has an experience of about two decades in the real estate industry.

The promoter through other group companies have launched and successfully delivered several real estate development projects through different SPV's (Special Purpose Vehicles) in Sonapat, Kurukshetra and Gurgaon (constituting a total saleable area of 13.34 Isf).

Liquidity: Poor

The liquidity position of the company stood poor mainly on account of lower customer collections from the projects in comparison to the debt repayment obligations.

Analytical approach: Standalone
Applicable Criteria
Criteria on assigning Outlook to Credit Ratings
CARE's Policy on Default Recognition
Financial ratios – Non-Financial Sector
About the Company

Shree Vardhman Buildprop Private Limited (SVBPL), incorporated in 2010 is engaged in development of real estate through construction of residential and commercial property in the Delhi/ NCR region. SVBPL a part of 'Shree Vardhman group', is currently involved in execution of a residential cum commercial project 'Mantra', with the total saleable area of 9.95 Isf, located at Sector-67, Gurgaon

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

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	8.73	25.79
PBILDT	1.50	6.10
PAT	0.96	0.45
Overall gearing (times)	0.11	11.11
Interest coverage (times)	NM	1.14

A: Audited; NM: Not Meaningful

Status of non-cooperation with previous CRA: NA

Any other information: NA

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

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
Debentures-Non Convertible Debentures	July 22, 2016	16%	March 31, 2020	35.00	CARE D

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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Debentures-Non Convertible Debentures	LT	35.00	CARE D	-	1)CARE B+; Stable (10-Oct-18) 2)CARE BB-; Stable (06-Jul-18)	1)CARE BB; Stable (09-Aug-17)	1)CARE BB (25-May-16)

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