



## Press Release

### Sonam Homes Private Limited

January 30, 2024

#### Ratings

Facilities	Rated Amount (Rs. crore)	Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facility	150.00 (enhanced from Rs 140.00 crore)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Upgraded from IVR BB+/Negative ISSUER NOT COOPERATING* (IVR Double B Plus with Negative Outlook Issuer Not Cooperating) and removed from Issuer Not Cooperating category	Simple
<b>Total</b>	<b>150.00 (One hundred and fifty crore only)</b>			

*\*Issuer did not cooperate; based on best available information*

#### Details of Facilities are in Annexure 1

#### Detailed Rationale

The ratings assigned to the bank facilities of Sonam Homes Private Limited (SHPL) considers the common management team and operational & financial linkages between SHPL and its group entity, Sonam Spark Infra Private Limited (SSIPL), earlier known as Sonam Builders. Infomerics has taken a consolidated view of these entities referred together as Sonam Group. The long-term rating of the bank facilities of SHPL derive comfort from the established track record of the Sonam Group. The rating also factors in the favourable project location and the presence of an escrow mechanism and DSRA account. However, these strengths are partially offset by project concentration risk, project execution risk, and exposure to risks relating to cyclicity in the real estate industry.

#### Key Rating Sensitivities:

##### Upward Factors

- Timely completion of the project within the budgeted cost.
- Sale of inventory at competitive rates.



## Press Release

### Downward Factors

- Significant delay in completion of the project.
- Significant cost overruns of the project.
- Lower than expected booking status.

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Established track record of the group**

Sonam Homes Private Limited is a part of Sonam Group that has successfully completed and delivered several projects in Bhayandar (E) such as Geeta Nagar and Golden Nest. While SHPL is developing the “Indradhanush” project, Project “Indraneel” and Project “Opulence” are being developed by Sonam Spark Infra Private Limited, earlier known as Sonam Builders.

- **Favourable project location**

Indradhanush, located in Mira-Bhayander enjoys locational advantage as it is in close proximity to schools, hospitals, malls and railway station.

- **Repayment through an escrow mechanism including DSRA**

The revenue of the project will be routed through an escrow account maintained with the bank. The withdrawals from account will be as per the predefined waterfall mechanism giving priority to debt obligations and last to operational expenses. The firm is required to maintain a DSRA equivalent to three months interest and principal repayments which imparts additional comfort over the repayments of interest/debt. While no scheduled repayments are due till December 2025, prepayments have started based on a defined waterfall mechanism.

#### Key Rating Weaknesses



## Press Release

- **Project concentration risk**

The Company remains exposed to substantial project concentration risks, given the dependence on the cash-flows from a single project, Indradhanush. However, the Company derives some comfort from the Indraneel project, which is being developed by Sonam Spark Infra Private Limited (SSIPL), as part of the surplus generated from the project Indraneel of SSIPL shall be utilized for Indradhanush project of SHPL.

- **Exposure to project implementation risk**

The project “Indradhanush” is at its mid construction stage which indicates a high degree of project implementation risk. However, Sonam Group has vast experience in the real estate sector which imparts some comfort. As of September 2023, a cost of INR202.70 crore has been incurred. The total budgeted cost for the project is INR318.53 crore (350 residential units and 14 commercial units), to be funded by promoter’s contribution, NBFC loan, and advance from customers amounting to INR64.32 crore, INR150 crore, and INR104.21 crore respectively. Advance from customers with respect to 74 residential units amounting to INR25.31 crore has been received as at 30.09.2023.

- **Exposure to risks relating to cyclicity in the real estate industry**

Cyclicity in the real estate segment could lead to fluctuations in cash inflow because of volatility in realisation and saleability. This may affect the debt servicing ability of the Company. SHPL will remain susceptible to the inherent cyclicity in the real estate sector.

### **Analytical Approach:**

#### **Consolidated**

For arriving at the rating, Infomerics has taken a consolidated approach for the purpose of analyzing the business and financial performance of the Company. It has combined the business and financial risk profiles of Sonam Homes Private Limited and its group company, Sonam Spark Infra Private Limited on account of common management. Further, part of the surplus generated from the project, Indraneel of Sonam Spark Infra Private Limited shall be utilized for the Indradhanush project of Sonam Homes Private Limited.



## Press Release

### **Applicable Criteria:**

[Rating Methodology for Real Estate Entities](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

[Criteria of assigning rating outlook](#)

### **Liquidity – Adequate**

Sonam Homes Private Limited is projected to maintain an adequate level of inflow and the same is expected to increase gradually with increase in bookings/sales realization. Further, the Company is likely to benefit from the resourcefulness of the promoter group. In addition, availability of escrow mechanism along with DSRA account will ensure smooth repayments of borrowings. Funds infused by the promoters provide an adequate cushion. Overall liquidity position is expected to be adequate.

### **About the Company and the Group**

Sonam Homes Private Limited (SHPL) was incorporated in the year 2018. It is a part of Sonam Group. At present, SHPL is engaged in the development of one residential cum commercial project namely Indradhanush having saleable area of 452610 sq ft at Mira-Bhayander. The project comprises of 350 residential units and 14 commercial units. It offers amenities such as Sky Gym, Swimming Pool, Jogging Track, Library, Shopping Plaza etc.

Sonam Spark Infra Private Limited (SSIPL) was earlier known as Sonam Builders (SB), which was a partnership firm established in 1991 by Mr. Mithalal R Jain and his son, Mr. Bharat M. Jain. The firm started with construction of single buildings until 1992. At present, SSIPL is engaged in the development of a residential cum commercial project, Indraneel, comprising of 130 residential and 31 commercial units. The total saleable residential area is 2,11,152 square feet while the total saleable commercial area is 14,060 square feet. All modern amenities are included in the project. Besides, Indraneel, SSIPL is also engaged in the development of a residential cum commercial project, Opulence, comprising of 72 residential and 16 commercial units. The total saleable residential area is 2,31,942 square feet while the total saleable commercial area is 28,844 square feet. All modern amenities are included in the project.



## Press Release

### Financials (Consolidated):

For the year ended*/As on	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	92.00	44.43
EBITDA	22.68	11.61
PAT	11.21	6.22
Total Debt	228.63	314.18
Tangible Net Worth (Adjusted)	219.54	314.63
EBITDA Margin (%)	24.65	26.13
PAT Margin (%)	11.78	13.21
Overall Gearing Ratio (Adjusted) (x)	0.40	0.27

\* Classification as per Infomerics' standards.

### Financials (Standalone):

For the year ended*/As on	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	0.10	0.10
EBITDA	0.03	-0.09
PAT	0.03	-0.02
Total Debt	118.81	151.43
Tangible Net Worth (Adjusted)	56.47	122.48
EBITDA Margin (%)	31.94	-89.86
PAT Margin (%)	31.49	-8.50
Overall Gearing Ratio (Adjusted) (x)	1.10	0.41

\* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: NA

Any other information: NA

### Rating History for last three years:

S. No.	Facilities	Current Rating (FY 2023-24)				Rating History for last 3 years		
		Type	Amount outstanding (Rs. Crore)	-	December 27, 2023	Date(s) & Rating(s) assigned in 2022-23 (November 30, 2022)	Date(s) & Rating(s) assigned in 2021-22 (September 02, 2021)	Date(s) & Rating(s) assigned in 2020-21
1.	Term Loan	Long Term	150.00	IVR BBB-/ Stable	IVR BB+/ Negative ISSUER NOT COOPERATING*	IVR BBB-/ Stable	IVR BBB-/ Stable	-

\*Issuer did not cooperate; based on best available information





## Press Release

### Names and Contact Details of Rating Analysts:

Name: Mr. Shantanu Basu Tel: (033) 48033621 Email: <a href="mailto:Shantanu.basu@infomerics.com">Shantanu.basu@infomerics.com</a>	Name: Mr. Sandeep Khaitan Tel: (033) 48033621 Email: <a href="mailto:Sandeep.khaitan@infomerics.com">Sandeep.khaitan@infomerics.com</a>
---	---

### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit [www.infomerics.com](http://www.infomerics.com).

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are 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 us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.



## Press Release

### Annexure 1: Details of Facilities

Name of Facilities	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facilities (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	Dec 2027	150.00	IVR BBB-/ Stable

### Annexure 2: List of entities considered for consolidated analysis:

Name of the company	Consolidation approach
Sonam Homes Private Limited	Full consolidation
Sonam Spark Infra Private Limited	Full consolidation

### Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-SonamHomes-jan24.pdf>

**Annexure 4: Detailed explanation of the covenants of the rated instrument/facilities:** Not Applicable

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).