Press Release

Vee Aar Life Spaces LLP
July 31, 2025

Ratings

Instrument/ Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities- Term Loan	52.64 (Reduced from Rs. 77.00 crore)	IVR BBB-/ Negative (IVR Triple B Minus negative Outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Rating Reaffirmed and outlook revised from Stable to Negative	simple
Total	**Rs.52.64 (Rupees Fifty-two crore and Sixty four lakhs)**				

Details of Facilities are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has reaffirmed its ratings to the bank facilities of Vee Aar Life Spaces LLP (VALSL) and revised the outlook from ‘Stable’ to ‘Negative’. The ratings derive strength from significant progress achieved in construction as well as sales related to its various on-going projects. The firm has completed the construction of 6 projects from FY19 till date and the construction is on-going for 2 projects at present (Sangini Skyteria and Sangini Shivanta). The ratings also factor-in track record of project completion on time and strong brand recall in the Surat real estate market, comfortable capital structure and financial risk profile and experienced promoters. However, the rating strengths are partially offset by revenue decline due to completion of several on-going projects (along with reduced revenue visibility for next 2 years), partnership nature of its constitution, inherent cyclical nature of the real estate sector and geographical concentration risk.

The Negative Outlook reflects the limited revenue visibility on account of only 2 ongoing projects which are expected to support revenues for FY26 and FY27. Revenues are expected to decline in FY26 and FY27 due to reduction in inventory of unsold units in on-going and completed projects.

Key Rating Sensitivities:

Upward Factors

- Increased revenue visibility with additional projects being undertaken in the company along with significant construction progress in the same.

- Substantial increase in the sale of units from existing and new projects leading to improved scale of operations along with surplus cash flow generation in comparison to pending construction costs and debt servicing requirements.

Downward Factors

- Any cost or time overrun in completing the ongoing projects.

- Lower than anticipated booking status for the on-going projects.

- Weaker-than-anticipated sales performance and lower-than-expected collections/ customer advances leading to cash flow mismatches.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Necessary approvals and financial closure for all ongoing projects in place

VALSL currently has two under-construction projects at different stages of execution. VALSL has 6 completed projects since FY16 The firm has received necessary approvals for the two projects, mitigating the regulatory risks in entirety. Any change in regulations can always impact the firm. The projects which are currently underway are mostly medium tenured with an estimated balance construction period between 8 to 10 months. These are being funded majorly by customer advances followed by promoter's contribution and unsecured loans with limited reliance on external debt.

Track record of project completion on time and strong brand recall

Sangini group is a well-known real estate developer in Surat and has a good track record of completing multiple projects. Hence the goodwill of the group helps in achieving sales across its projects.

Comfortable capital structure and financial risk profile

The capital structure of the company marked by overall gearing ratio has improved and remained comfortable at 0.76x as on 31st March 2025 (Prov.) (vis-à-vis 0.81x, as on March 31, 2024) due to repayments of term loan. TOL/TNW has reduced in FY25(Prov.) and stood at 1.24x in FY25(Prov.) (FY24:1.34x). EBITDA and PAT margins in FY25 (Prov.) stood at 29.03% and 16.70% respectively. Although declined from previous year levels of 32.99% and 27.01%, they were maintained at comfortable levels. The decline is attributed to reduction in topline due to completion of majority of on-going projects. The cash coverage ratio is projected to remain above 3x for the projected period FY26-FY28.

Experienced promoters and long track record of operations

The firm is part of the Sangini group which has executed 4900 residential and 1900 commercial units in Surat. The group has been promoted by Mr. Ravjibhai Premjibhai Patel and Veljibhai Mohanbhai Sheta. The promoters are engaged in the real estate business for more than 3 decades. The promoters commenced their business through a partnership firm "Vee Aar Associates" and over the last three decades have successfully launched and developed various projects in Surat. The promoters are a mix of civil engineers and business graduates with good experience in the real estate and construction sector and are supported by qualified professionals in the firm.

Key Rating Weaknesses

Decline in revenue due to reduced project pipeline

Revenue has declined due to lower sale of units in FY25 at 55 units as compared to 143 units in FY24. This is due to majority of projects completed and 2 projects are under construction which will be completed in next 8 to 10 months and generate sales in FY26 and FY27. Moreover, there are no new projects launched by the firm from FY25 till date due to which there is limited revenue visibility beyond FY27. One of completed projects Siddhanta is facing a family dispute over the title of the land, which has led to low level of sales in that project in FY25 (2 units only sold). Infomerics notes that the Sangini Group continues to execute additional projects in other group entities. Additionally, VALSL has purchased a large land parcel for construction of 12 luxury residential towers. However, this project is still to be launched by the firm.

Partnership nature of its constitution

Being a partnership firm, SRMLLP has limited ability to raise capital as it has restricted access to external borrowings where personal net worth and credit worthiness of partners affect decisions of prospective lenders. Further, it is susceptible to risks of withdrawal of partners' capital at time of personal exigencies and lack of succession decisions may raise the risk of dissolution of the entity.

Project execution risk with two projects executed simultaneously.

The firm is executing two residential projects simultaneously. The projects are of different sizes and are at different stages of completion. Multiple projects intensify project execution risk as real estate projects are exposed to various external factors like availability of labour, availability of construction materials, requisite approvals, clearances, economic scenarios etc. Considering the gestation period of for completion of real estate projects, any volatility in the raw material prices and labour costs will impact the cost of the project as the selling prices are fixed upon booking. However, the firm has a track record of timely completing the projects in hand, which mitigates the risk to an extent.

Inherent cyclical nature of the real estate sector.

VALSL is exposed to the cyclicality associated with the real estate sector which has direct linkage with the general macroeconomic scenario, interest rates and level of disposable income available with individuals. In case of real estate companies, the profitability is highly dependent on property markets. A high-interest rate scenario could discourage the consumers from borrowing to finance the real estate purchases and may depress the real estate market.

Geographical concentration risk.

All the past and ongoing projects of the group are located in Surat, Gujarat which exposes the firm to geographical concentration risk. Any adverse movement in the regional real estate market can impact the overall operations of the firm.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Real estate Companies
Financial Ratios & Interpretation (Non-Financial Sector).
Criteria for assigning Rating outlook.
Policy on Default Recognition
Complexity Level of Rated Instruments/Facilities

Liquidity – Adequate

The project under development by VALSL is funded by a combination of debt, customer advances and promoter funds, with significant reliance on customer advances and promoter funds.The firm is projected to have cash flow coverage ratio of over 3.0x for FY26-FY28 underscoring its adequate liquidity position.

About the Company

VALSL was established as a partnership firm named Vee Aar Associates in 2005 at Surat. In 2017 it was converted into a limited liability partnership firm named Vee Aar Life Space LLP (VALSL). VALSL is engaged in real estate development, both residential and commercial. The firm is part of the Sangini Group involved in constructing residential and commercial projects since 1984. Sangini Group has successfully completed 65 projects with total constructed space of 85 lakh sq. ft., comprising 4900 residential units and 1900 commercial units.

Financials Standalone:

(Rs. crore)

For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Provisional
Total Operating Income	186.47	96.61
EBITDA	61.51	28.04
PAT	50.49	16.48
Total Debt	143.85	132.76
Tangible Net Worth	178.00	175.60
EBITDA Margin (%)	32.99	29.03
PAT Margin (%)	27.01	16.70
Overall Gearing Ratio (x)	0.81	0.76
Interest Coverage (x)	5.35	2.06

** As per Infomerics Standard*

Status of non-cooperation with previous CRA: None

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in in 2022-23
	Press Release		**Date:** July,31 2025		**Date:** May 17,2024	**Date:** March 23,2023	**Date:** May 31,2022
1.	Long term Bank Facilities – Term Loan	Long Term	52.64	IVR BBB-/Negative	IVR BBB-/Stable	IVR BBB-/Stable	IVR BBB-/Stable

Name and Contact Details of the Rating Director:

Name: Sudarshan Shreenivas Tel: (022) 62396023 Email: Sudarshan.shreenivas@infomerics.com

About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] 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 and definition of ratings please visit www.infomerics.com.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	January 2027	13.21	IVR BBB- /Negative
Term Loan	-	-	September 2026	39.43	IVR BBB- /Negative

Annexure 2: Facility wise lender details: https://www.infomerics.com/admin/prfiles/len-VeeAar-jul25.pdf

Annexure 3: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis: 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.