



## Press Release

**Venus Infrastructure and Developers Private Limited**

**February 12, 2024**

### Ratings

Instrument / Facility	Amount (Rs. Crore)	Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities-LRD Facility*	74.29	IVR BBB / Stable Outlook [IVR Triple B with Stable Outlook]	Assigned	Simple
<b>Total</b>	<b>74.29</b> <b>(Rupees Seventy-Four Crore and Twenty-Nine Lakhs Only)</b>			

*\*LRD-Lease Rental Discounting*

### Details of Facilities are in Annexure 1

#### Detailed Rationale

The ratings assigned to the bank facilities of Venus Infrastructure and Developers Private Limited (VIDPL) derives strength from experienced promoters and management team, location advantage and renowned lessees minimising counter party risk, maintenance of Debt Service Reserve Account (DSRA) and escrow account. However, these rating strengths remain partially offset by renewal risk of lease agreements and susceptibility to cyclicalities inherent in the real estate sector.

#### Key Rating Sensitivities:

##### Upward Factors

- Renewal of upcoming expiring lease at higher than present rates along with more favorable terms leading to generation of more than expected cash.

##### Downward Factor

- Non- renewal/ fresh tie-ups at competitive rates upon the expiry of lease tenor/ termination of lease agreement with any of the major tenants leading to reduction in occupancy rates and/or cash surplus.



## Press Release

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

##### **Maintenance of DSRA and Escrow Account**

The rated facility is backed by an escrow arrangement and stipulates maintenance of Debt Service Reserve Account (DSRA) equivalent to 3 month's principal and interest. As per the escrow mechanism, the lessee would directly deposit the monthly lease rentals in the bank on monthly basis based on the pay-in dates as per the lease agreements and the fund will be utilised as per the cash flow ring fencing.

##### **Location advantage and Renowned Lessees minimizing country party risk.**

The commercial building, Stratum Venusgrounds is located at Nehrunagar, Ahmedabad which is a popular business centres/IT parks for the MNCs including Pinnacle Business Park, Westgate Business Bay, Parshwanath Business Park, and Software Technology Parks of India. Apart from its strategic location, its close proximity to Ahmedabad Airport is an added advantage. The commercial building lessees are reputed companies like Reliance – Trends/Digital/Smart/Azorte, TATA AIG General Insurance Company Ltd and Smartworks coworking spaces private limited.

##### **Experienced Promoters and Management Team**

The established track record of the promoters in the real estate construction business and Venus Group has renowned real estate developer in Ahmedabad real estate. The business risk profile of the company will continue to benefit from established track record of the group, experienced promoters and management team.

#### **Key Rating Weaknesses**

##### **Renewal risk of Lease Agreements**

Renewal risk arises from the fact that the lease agreements have been entered into with different parties for various tenors ranging from 9 to 15 years. However, there is a lock-in period of 9 years with a few of its tenants which contributes ~53% of the occupancy. Additionally, the lease rent is being increased after the expiry of every 3 years at a rate of 10% to 15% over the last paid lease rent.



## Press Release

### **Susceptibility to cyclicality inherent in the real estate sector**

The real estate sector is volatile in nature with an inherent liquidity risk associated to it. There may be fluctuations in cash flows due to delayed realization & changes in regulatory requirements. Change in interest rate cycle also dents the demand of commercial as well as residential real estate demand.

**Analytical Approach:** Standalone

### **Applicable Criteria:**

[Criteria of assigning Rating Outlook](#)

[Rating Methodology for Infrastructure Companies](#)

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

[Criteria on Default Recognition](#)

### **Liquidity – Adequate**

The cashflows from operations shall be adequate to service the monthly obligations, aided by rental income. The lease rental discounting loan has an escrow mechanism which prioritizes debt repayment before any other utilization and is also backed by DSRA equivalent to 3 months of the principal and interest payments. The firm maintains cash and cash equivalent amounting to Rs.0.35 crore as on October 27, 2023. As of the month ending December 2023, VIDPL has an unutilized working capital limit of 66%, providing a satisfactory liquidity buffer.

### **About the Company**

Venus Infrastructure & Developers Private Limited is the flagship company of the Venus Group. Since 2014, the company has successfully completed 7 residential and commercial projects and a plotting scheme at Ahmedabad, Gujarat. The Venus Group undertakes residential, commercial, retail, hospitality space and township development in Ahmedabad and Vadodara. The group has so far completed development of around 21 lakh sq. ft. of area and has an ongoing construction of around 22 lakh sq. ft. of area. The Venus group is promoted by Mr.Dilip Lalwani, Mr.Deepak Vaswani and Mr.Rajesh Vaswani.



## Press Release

### Financials (Standalone)\*:

(Rs. Crore)		
For the year ended / As on	31-Mar-2022 (Audited)	31-Mar-2023 (Audited)
Total Operating Income	82.65	182.00
EBITDA	24.25	58.89
PAT	16.53	41.48
Total Debt	109.05	38.57
Tangible Net worth	274.69	315.95
EBITDA Margin (%)	29.34	32.36
PAT Margin (%)	19.57	22.56
Overall Gearing Ratio (times)	0.40	0.12

\*Classification as per Infomerics standards

Status of non-cooperation with previous CRA: Not available

Any other information: None

### Rating History for last three years:

		Current Ratings (Year 2023-24)			Rating History for the past 3 years		
Sr. No.	Name of Instrument / Facilities	Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
Press Release					–	–	–
1.	Long Term Bank Facilities-LRD Facility	Long Term	74.29	IVR BBB/ Stable	–	–	–

### Name and Contact Details of the Rating Director:

Name: Mr. Amey Joshi

Tel: (022) 62396023

Email: [amey.joshi@infomerics.com](mailto:amey.joshi@infomerics.com)



## Press Release

### 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 Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Fund Based – Term Loan 1	–	–	March 2036	4.92	IVR BBB / Stable
Fund Based – Term Loan 2	–	–	March 2036	4.72	IVR BBB / Stable
Fund Based – Term Loan 3	–	–	March 2036	14.66	IVR BBB / Stable
Fund Based – Term Loan 4	–	–	–	29.23	IVR BBB / Stable
Fund Based – Dropline OD	–	–	–	20.67	IVR BBB / Stable

**Annexure 2: List of companies considered for consolidated analysis: Not Applicable**

**Annexure 3: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/len-Venus-Infrastructure-feb24.pdf>

**Annexure 4: Detailed explanation of 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).