



## Press Release

### Neepa Real Estate Private Limited

June 24, 2024

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Non-Convertible Debentures (NCDs)	0.02 (Reduced from 0.10)	IVR BB/ Stable (IVR Double B with Stable Outlook)	IVR BB/ Stable (IVR Double B with Stable Outlook)	Reaffirmed	Simple
<b>Total</b>	<b>0.02</b> <b>(Rupees Two Lakhs Only )</b>				

Details of Facilities are in Annexure 1

#### Detailed Rationale

- The reaffirmation of rating assigned to NCDs Neepa Real Estates Private Limited (NREPL) continues to derive comfort from experienced promoters along with an extensive track record of the group, strategic location of project and Strong association with renowned architects. However, these rating strengths remain constrained by saleability risk of the unsold flats, and susceptibility to cyclicity inherent in the real estate sector.

#### Key Rating Sensitivities:

##### Upward Factors

- Scheduled progress of the project and sale of flats leading to adequate cash flow generation.

##### Downward Factors

- Any delay in scheduled progress due to company specific or external factor and/or slower than expected sale of flats.

List of Key Rating Drivers with Detailed Description



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### Key Rating Strengths

- **Experienced promoters along with an extensive and credible track record of the group**

Promoters of the company Mr Vallabh N Sheth and Mr Jitendra N Sheth has a long track record of more than three decades in the real estate sector and have completed 49 projects with total constructed area of 88.83 lakh sq.ft(approx.). The promoters are supported by a team a qualified & experienced management. The group to which the company's promoters are common have an extensive track record of constructing multiple projects throughout the years.

- **Strategic location**

The location of Marol, in Andheri East, Mumbai is one of the prime locations for hospitals, educational institutes, recreational activities and many other required amenities. The road connectivity throughout the area is good.

- **Strong association with renowned architects**

The company has strong association with renowned architects, The Design Architects - P&T Consultants Private Limited (Singapore) and The Landscape Designer - Sitetectonix Private Limited (Singapore) for full-fledged designing of the project.

### Key Rating Weaknesses

- **Saleability risk of the unsold units**

The Company is having 151 unsold units as on Mar 31,2024 out of the total 2548 units. Though 95% of the units are already sold, there is risk of saleability of units which is subject to the market conditions, price competitiveness, consumer preferences, latest trends in real estate etc.

- **Susceptibility to cyclicity inherent in the real estate sector**



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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. Real estate investments often involve long holding periods, especially for development projects or large-scale properties. Cash flows from property sales may be delayed due to factors such as construction timelines, interest rates, investor sentiments, or market dynamics affecting property sales.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Real Estate Entities](#)

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

[Criteria on assigning rating outlook](#)

[Criteria on Default Recognition and Post-Default Curing Period](#)

[Complexity level of rated instruments/facilities](#)

### **Liquidity –Adequate**

The company maintains moderate cash and bank balance to meet its liquidity requirements. The company will be in a position to repay the outstanding senior NCD, based on available liquidity.

### **About the Company**

Neepa Real Estates Private Limited (NREPL) was incorporated in 22<sup>nd</sup> December, 1992. The company is in the process of building a residential complex in Andheri East, a speedily developing suburb of Mumbai, a locality offering residential and corporate spaces to different sections of society, and a destination that takes care of all religious, educational, health and entertainment needs.

NREPL has acquired a 19.8-acre land parcel in Andheri from Borosil Glassworks, and plans to develop “Vasant Oasis” - a fully integrated residential township, which would be the company’s first project. Vasant Oasis (Borosil Plot), is at Makwana Road, Off Andheri Kurla Road, Marol, Andheri (E), Mumbai-400 059. The project consists of 20 towers, wherein 18



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towers comprising of 22 storeys each. Out of total 2548 units, the company has sold 2397 units and remaining 151 units are yet to be sold as on March 31,2024.

### Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	435.86	360.11
EBITDA	-143.94	66.64
PAT	-108.29	-133.49
Total Debt	2124.68	1986.75
Tangible Net Worth	-581.39	-759.29
EBITDA Margin (%)	-33.02	18.51
PAT Margin (%)	-21.61	-34.57
Overall Gearing Ratio (x)	-3.65	-2.62
Interest Coverage (x)	-2.21	0.25

\* As per Infomerics Standard

**Status of non-cooperation with previous CRA: Not Applicable**

**Any other information: Nil**

### Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					(June 26, 2023)	(June 27, 2022)	(June 29, 2021)
1.	Non-Convertible Debentures	Long Term	0.02	IVR BB/Stable	IVR BB/Stable	IVR BB/Stable	IVR BB/Stable

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

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### 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 and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Non-Convertible Debentures (NCD)	18/06/2020	15% p.a. (Upto March 31, 2021)	Until December 31, 2024#	0.02#	IVR BB/ Stable (IVR Double B with Stable Outlook)
		16% p.a. (April 1, 2021 until March 31, 2022)			



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		18% p.a. (April 1, 2022 onwards)			
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# Subject to Rs.10 Lakhs to be paid immediately after Junior NCDs are paid in full i.e. 31st March 2027. Provided that if at least a principal amount aggregating to INR 200,00,00,000 (Rupees 200 crore only) (along with all accrued interest, premium, fees and expenses payable in respect of the Junior NCDs) has been paid by the Issuer towards repayment of the Junior NCDs, the Residual Debentures shall be redeemed by the Issuer.

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

**Annexure 3: Facility wise lender details (Hyperlink to be added): Not Applicable**

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:**

<b>Name of the Instrument</b>	<b>Detailed Explanation</b>		
<b>ISIN</b>	INE833M07034		
<b>Issue</b>	Senior secured rated listed redeemable non-convertible debentures		
<b>Nature of Instrument</b>	Secured		
<b>Debenture Trustee</b>	Catalyst Trusteeship Limited		
<b>Issue Size</b>	Rs 100 crore (Rupees Hundred Crores)		
<b>Seniority</b>	Senior debt		
<b>Mode of Issue</b>	Private placement		
<b>Coupon rate</b>	15% p.a. (Upto March 31, 2021)		
	16% p.a. (April 1, 2021 until March 31, 2022)		
	18% p.a. (April 1, 2022 onwards)		
<b>Redemption</b>	The Debentures shall be redeemed on each of the following dates (each a “Principal Payment Date”) and for the amount of the Principal Value set out against such date:		
	i	June 30, 2021	INR 5.00 crore
	ii	September 30, 2021	INR 5.00 crore
	iii	December 31, 2021	INR 5.00 crore
	iv	March 31, 2022	INR 5.00 crore
	v	June 30, 2022	INR 5.00 crore
	vi	September 30, 2022	INR 7.50 crore
	vii	December 31, 2022	INR 7.50 crore
	viii	March 31, 2023	INR 7.50 crore
	ix	June 30, 2023	INR 7.50 crore





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	x	September 30, 2023	INR 7.50 crore
	xi	December 31, 2023	INR 7.50 crore
	xii	March 31, 2024	INR 7.50 crore
	xiii	June 30, 2024	INR 7.50 crore
	xiv	September 30, 2024	INR 7.50 crore
	xv	December 31, 2024	INR 7.40 crore
	xvi	Immediately after the Junior Debentures are redeemed in full i.e. 31st March 2027*	INR 0.10 crore
*Provided that if at least a principal amount aggregating to INR 200,00,00,000 (Rupees 200 crore only) (along with all accrued interest, premium, fees and expenses payable in respect of the Junior NCDs) has been paid by the Issuer towards repayment of the Junior NCDs, the Residual Debentures shall be redeemed by the Issuer.			
<b>Financial Covenant</b>			
<b>i. Default in payment</b>		In case of default in payment of principal redemption on the due dates, default interest of 6% p.a. will be payable by the Issuer for the defaulting period on the defaulted amount.	
<b>Non-financial Covenant</b>			
<b>i. Transferability</b>		The NCDs shall be freely transferable, without requiring any consent of the issuer or any other person, by the Debenture Holders in accordance with applicable law.	
<b>ii. Release of security</b>		The debenture trustee is not permitted to release or exclude any part of the secured assets from the security created or to be created for the NCDs, until the final settlement date except with the prior written instructions of the debenture Trustee (acting on the instructions of all debenture holders).	

**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).