



Press Release

Neepa Real Estates Private Limited (NREPL)

August 25, 2023

The revised press release is provided in relation to the Press Release published dated June 27, 2022.

The revised press release mentions the following:

- Detailed explanation of covenants of the rated instrument/facilities

Link to the press release dated June 27, 2022, published on Infomerics' website:

<https://www.infomerics.com/admin/uploads/pr-Neepe-RealEstates-june27-2022.pdf>

Ratings

Facilities	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<u>Complexity Indicator</u>
Long term Facility – Non Convertible Debenture (NCD)	29.94 (Reduced from 72.67)	IVR BB/ Stable Outlook; (IVR Double B with Stable Outlook)	IVR BB/ Stable Outlook; (IVR Double B with Stable Outlook)	Reaffirmed	Simple
Total	29.94				

Details of facilities are in Annexure 1

Detailed Rationale

The rating reaffirmation of Neepa Real Estates Private Limited (NREPL) continues to derive comfort from experienced promoters along with an extensive and credible track record of the group, strategic location and strong partnership. However, these rating strengths remain constrained by chance of time and cost overrun, and susceptibility to cyclicity inherent in the real estate sector.

Key Rating Sensitivities:

Upward Factor:

- Scheduled progress of the project and sale of flats leading to adequate cash flow generation may lead to a positive rating action.



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Downward Factor:

- Any delay in scheduled progress due to company specific or external factor and/or slower than expected sale of flats may lead to a negative rating action.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoters along with an extensive and credible track record of the group (Projects completed in past by Promoters)

Promoters of the company had a long track record of more than two decades in the real estate sector. 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 multiple projects throughout the years.

Strategic Location

The location of Marol, in Andheri East 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 Partnership

The company has partnered with The Design Architects - P&T Consultants Private Limited (Singapore) and The Landscape Designer - Sitetectonix Private Limited (Singapore). Thus, the partners are credible and the construction may avoid any time and cost overrun.

Key Rating Weaknesses

Chance of time and cost overrun

Even though all precautions and steps are taken by the company to avoid time and cost overrun, there is always a scope of such a happening due to unforeseen circumstances. However, the company has picked up on any time and cost overrun that might have occurred due to the lockdown scenario of the COVID-19 pandemic.



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Susceptibility to cyclicity 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. The uncertainty pertaining around COVID-19 and its potential subsequent waves and lockdowns also has denied the demand for commercial as well as residential real estate properties.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Infrastructure Companies](#)

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

[Criteria on assigning rating Outlook](#)

Liquidity - Stretched

The company maintains moderate cash and bank balance to meet its liquidity requirements. The projected DSCR is in moderate territory. Any delay or slowdown in the sales is expected to put pressure on the cash flows of the company.

About the Group and the Company

Sheth Group is engaged in Real Estate Development in the Central and Western suburbs of the Northern side of Mumbai, the financial Capital of India. The group has approx. 33 years of experience in building landmarks in the Real Estate industry across Mumbai. The Group consists of Mr. Jitendra Sheth, and Mr. Vallabh Sheth as their leaders. Neepa Real Estates Pvt. Ltd. NREPL was incorporated in 22nd December, 1992. The company is in the process of building a residential complex in Andheri East, called Vasant Oasis, a fully integrated residential township, which would be the company's first project.

About the Project

Vasant Oasis (Borosil Plot), is at Makwana Road, Off Andheri Kurla Road, Marol, Andheri (E), Mumbai-400 059. The size of the plot taken by the developers to build the 31.60 lakh square feet project is about 18 acres. The project consists of 20 towers, wherein 18 towers comprise of 22 stories each. The total estimated cost to be incurred for the project is Rs. 427.00 crores.



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As on date, around 23.25 lakh square feet has been sold and around 8.34 lakh square feet remains to be sold.

Financials (Standalone)

For the year ended* As on	INR in Crore	
	31-03-2021	31-03-2022
	Audited	Provisional
Total Operating Income	542.15	433.82
EBITDA	-127.36	-117.16
PAT	-114.61	-164.29
Total Debt	2431.75	2128.73
Tangible Networth	-436.77	-558.00
EBITDA Margin (%)	-23.49	-27.01
PAT Margin (%)	-21.14	-37.87
Overall Gearing Ratio (x)	NM	NM

NM – Not meaningful

* Classification as per Infomerics' standards

Details of Non-Co-operation with any other CRA: Nil

Any other information: N.A.

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22 (Dated: June 29, 2021)	Date(s) & Rating(s) assigned in 2020-21 (Dated: June 04, 2020)	Date(s) & Rating(s) assigned in 2020-21 (Dated: April 02, 2020)
1.	Non-Convertible Debentures	Long Term	29.94	IVR BB/ Stable	IVR BB/ Stable	IVR BB/ Stable	IVR BB/ Stable

Name and Contact Details of the Rating Analysts:-



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Name: Mr. Hardik Gala

Tel: (022) 62396023

Email: hardik.gala@infomerics.com

Name: Mr. Prakash Kabra

Tel: (022) 62396023

Email: prakash.kabra@infomerics.com

About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI). Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks. Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations. For more information visit 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, suspend 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.

Annexure 1: Details of Facilities

Sl. No.	Instrument/Facility	Limit (INR Crore)	Coupon Rate	Maturity	Rating
1			15% p.a. (Upto March 31, 2021)		



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	Non-Convertible Debenture (NCD)	29.94	16% p.a. (April 1, 2021 until March 31, 2022)	Until December 31, 2024#	IVR BB/ Stable (IVR Double B with Stable Outlook)
			18% p.a. (April 1, 2022 onwards)		
	Total	29.94			

Subject to Rs.10 Lakhs to be paid immediately after Junior NCDs are paid in full i.e. 31st March 2027

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

Annexure 3: Facility wise lender details: Not Applicable

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

The Issuer shall (and shall procure that each other Obligor will) carry out and conduct its business with due diligence and efficiency and in accordance with sound managerial and financial standards and business practices with experienced management and personnel.

The Issuer shall (and shall procure that each other Obligor will) (A) do all such things as are necessary to maintain its corporate existence or under the laws of its jurisdiction of incorporation, (B) ensure that it has the right and is duly qualified to conduct its business as it is conducted in applicable jurisdictions, (C) engage in business which is permitted by its Memorandum and Articles and (D) comply in all respects with all Applicable Laws.

The Issuer shall not (and shall procure that no other Obligor will voluntarily do or permit to be done any act or thing whereby its right to transact its business shall be terminated or whereby payment of any of the Debenture Obligations or any other amounts under the NCDs shall be hindered delayed.

Until the Final Settlement Date, the Issuer shall ensure that:

(A) it does not qualify as an NBFC and/or a CIC; and

(B) its financial assets are not more than 50% of its total assets (netted off by intangible assets) and income from its financial assets is not greater than 50% of its gross income.



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The Issuer shall (and shall procure that each other Obligor will) appoint an Approved Auditor as their respective statutory auditors for the Financial Year ending March 31, 2020 and for all Financial Years thereafter.

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.