

Press Release

Vainateya Build Private Limited (VBPL)

13 January, 2017

Rating Reaffirmed

Total Bank Facilities Rated*	Rs.25.00 Cr
Long Term Rating	SMERA B/Stable (Reaffirmed)

*Refer Annexure for details

Rating Rationale

SMERA has reaffirmed the long term rating of '**SMERA B**' (**read as SMERA B**) on the Rs.25.00 crore bank facility of Vainateya Build Private Limited (VBPL). The outlook is '**Stable**'

The Pune-based VBPL was promoted by Mr. Vijay Arvind Raykar, Mr. Shrikant Vishnu Shete and Mr. Kalidas G Ambavale, Directors, who possess around 15 years of experience in the real estate industry. The company is engaged in the construction of residential apartments and development of commercial and rental property.

List of key rating drivers and their detailed description

Strengths:

Experienced management: VBPL was incorporated in 2013 by Mr. Vijay Arvind Raykar, Mr. Shrikant Vishnu Shete and Mr. Kalidas G Ambavale. The management has experience of over 15 years in the real estate business.

Advanced stage of project: The project is expected to be completed by December 2017 since around 70 percent work is already over.

Weaknesses:

Intense competition in Pune region: The company is exposed to intense competition in Pune from from several organised and unorganised players.

Low booking level: The company has registered bookings for 70 flats out of 280 and received Rs.11.50 crore as customer advances as on December 2016.

Heavy dependence on customer advances: The company is heavily dependent on customer advances. As on date, it has received around 55 per cent advances from customers with the balance project funding to be done through debt and unsecured loans.

Analytical approach: SMERA has considered the standalone business and financial risk profiles of the company

Applicable Criteria:

- Application of Financial Ratios and Adjustments: <https://www.smerra.in/criteria-fin-ratios.htm>
- Default Recognition: <https://www.smerra.in/criteria-default.htm>

Outlook: Stable

SMERA believes that the company will be able to maintain a stable outlook in the medium term. The outlook may be revised to 'Positive' in case the company receives higher than expected customer advances. Conversely, the outlook may be revised to 'Negative' in case of inordinate project delays or lower than expected customer advances.

About the Project

VBPL has undertaken development of 'Vrindavan Srushti', a residential project at Narhegaon, Pune consisting of 1BHK, 2BHK and 3BHK units at a total cost of Rs.65.00 crore and expected sale proceeds of Rs.90.00 crore. The project is expected to be completed by December 2017.

About the Company

VBPL, incorporated in 2013, is a Pune-based company engaged in the construction of residential apartments and development of commercial and rental property. The company was promoted by Mr. Vijay Arvind Raykar, Mr. Shrikant V Shete and Mr. Kalidas G Ambavale, Directors, who possess around 15 years of experience in the real estate industry.

Status of non-cooperation with previous CRA (if applicable): Not Applicable

Any other information: Not Applicable

Rating History for the last three years:

Name of Instrument /Facilities	2017			2016		2015		2014	
	Scale	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Term Loan	LT	10.00	SMERA B/Stable (Reaffirmed)	-	-	31 Aug 2015	SMERA B/Stable (Assigned)	-	-
Cash Credit	LT	15.00	SMERA B/Stable (Reaffirmed)	-	-	-	-	-	-
Proposed Term Loan	LT	-	-	-	-	31 Aug 2015	SMERA B/Stable (Assigned)	-	-

*Annexure – Details of instruments rated:

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/ Outlook
Cash Credit	N.A	N.A	N.A	15.00	SMERA B/Stable (Reaffirmed)
Term Loan	N.A	N.A	2018	10.00	SMERA B/Stable (Reaffirmed)

Note on complexity levels of the rated instrument:

<https://www.smera.in/criteria-complexity-levels.htm>

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ABOUT SMERA

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