

**Press Release**  
**SHRESHTA INFRA PROJECTS PRIVATE LIMITED**  
**March 05, 2025**  
**Rating Reaffirmed**



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	201.50	ACUITE BBB-   Stable   Reaffirmed	-
Non Convertible Debentures (NCD)	68.00	ACUITE BBB-   Stable   Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	269.50	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed long-term rating of ‘**ACUITE BBB-**’ (read as **ACUITE triple B minus**) on the Rs. 68 Cr. of Non Convertible Debentures of Shreshta Infra Projects Private limited (SIPPL). The outlook is ‘**Stable**’.

Acuite has reaffirmed long-term rating of ‘**ACUITE BBB-**’ (read as **ACUITE triple B minus**) on the Rs. 201.50 Cr. bank loan facilities of Shreshta Infra Projects Private limited (SIPPL). The outlook is ‘**Stable**’.

**Rationale for rating reaffirmation**

The rating reaffirmation reflects the promoter i.e. Adarsh Group's extensive experience in the real estate sector since 1988 and its proven track record in completion of nearly 12 million square feet of residential and commercial projects. Acuite takes note of group's low funding risk, supported by strong customer collections and an additional buffer from undisbursed bank loans amounting to Rs.110 Cr. out of a total sanctioned amount of Rs.495 Cr. Additionally, it takes into account the low demand risk associated with these projects, as nearly 90% of the total saleable area across all three companies has already been sold. Further, the group has consistently pre-paid its debt obligations ahead of the scheduled repayment dates. Additional comfort is drawn from the cash fungibility across the projects under the three companies Akarshak Realty Private Limited, SIPPL and Alekhya Property Developments Private Limited which aids in debt servicing.

However, the rating is constrained by geographical concentration risk and intense competition in the industry coupled with its susceptibility to real estate cyclicity and regulatory risks.

Furthermore, the group has proposed a composite scheme of arrangement for the merger and demerger of certain entities within the group. Any significant impact on financial risk position of SIPPL due to the proposed scheme will remain as key rating monitorable.

**About the Company**

Bangalore based Shreshta Infra Projects Private limited (SIPPL) was incorporated in the year 2011. The company is engaged in development and construction of residential projects. The present directors of the company are Mr. Nischay Jayeshankar and Ms. Sudha Shanker.

**About the Group**

Akarshak Realty Private Limited (AKRPL) was incorporated in August 2011. The company is currently managed by Mr. B M Karunesh, Ms. Nidhi Jayashankar, Mrs. Sudha Shanker, and Mr. B V Ravikumar. The company is promoted by Mr. B M Jayeshankar and his associates. Mr. Jayeshankar is founder promoter of Adarsh Developers. AKRPL, is a sister concern of Adarsh Developers which is into developing properties at prime locations in Bangalore. Adarsh group (AG) is an established property development group focused primarily on the Bangalore property development market. AKRPL is currently developing residential project “Welkin Park I” in Bangalore. The Project has a total of 832 units and has 3 upcoming projects.

Alekhya Property Developments Private Limited (APDPL) is a group company of Adarsh Group. The directors of the company are Mr. B M Jayeshankar, Mr. B M Karunesh and Ms. Nidhi Jayashankar. APDPL, is a sister concern of Adarsh Developers which is into developing properties at prime locations in Bangalore. APDPL is currently developing residential project “Adarsh Lakefront Phase-1” in Bangalore. The project has a total of 344

units.

### Unsupported Rating

Not Applicable

### Analytical Approach

#### Extent of Consolidation

- Full Consolidation

#### Rationale for Consolidation or Parent / Group / Govt. Support

Acuite has consolidated the business and financial risk profile of Akarshak Realty Private Limited, Shreshta Infra Projects Private Limited and Alekhya Property Developments Private Limited, together referred as Adarsh group. Rationale for consolidation being common management, common line of business and cash flow fungibility between projects three companies for servicing their debt obligation.

### Key Rating Drivers

#### Strengths

##### Experienced management and long track record of operations

Adarsh Group (group) is a Bangalore based residential and commercial real estate developer established in 1988, promoted by Mr. BM Jayeshankar and Mr. BM Karunesh. The group is a well-established brand name in Bangalore and has experience of executing 12 mn. sq ft of residential and commercial projects over the past three decades. It also has presence in hospitality industry through Adarsh Reality and Hotels Private limited (ARHPL). The group has long-standing operational track record in the real estate sectors, with highly experienced promoters who are actively involved in operations. The group is currently executing projects of Welkin park under ARPL, Adarsh Savana and Adarsh sanctuary under SIPPL and Adarsh Lakefront under APDPL. These projects are located at prime location in Bangalore city such as Yelahanka, Choodasandra, Sarjapur Road and Bellandur. The locations are well developed both residential and commercially with further scope of development.

Acuite believes that the promoters have demonstrated execution capabilities with a reputation for timely completion. Promoters' industry experience is expected to support in a successful sale of the units in the on-going project.

##### Moderate project risk

The ongoing projects have a total saleable area of 54.01 lakh Sq. fts, with total project cost of Rs.1,621 Cr. The project cost is funded through customer advances and bank loan. The funding risk remains moderate as the group has already completed debt tie up with lenders for an amount of Rs.495 Cr. The group has incurred about 49 percent of project cost until December 31<sup>st</sup> 2024 against which it has already received the bookings of 90 percent of total units and received customer advances of around 64 percent of the sales consideration as on December 31<sup>st</sup> 2024.

Acuite believes that timely receipt of customer advances and on time completion of the projects will remain a key rating monitorable.

#### Weaknesses

##### Geographical concentration risk and intense competition in the industry

The group, through its other group companies, has mostly executed its past projects in and around Bangalore. Moreover, the group is executing all the current projects in Bangalore. The group is expected to remain geographically concentrated until any further diversification to a different state. Furthermore, the group continues to remain exposed to intense competition from larger players in Karnataka like Prestige Group, Brigade group, Shobha Group, Godrej properties, Puravankara Group and Lodha Group, amongst others.

##### Susceptibility to real estate cyclical and regulatory risks

The real estate industry in India is highly fragmented with most of the real estate developers, having a city specific or region-specific presence. The risks associated with real estate industry are cyclical in nature and directly linked to drop in property prices and interest rate risks, which could affect the operations. Given the high level of financial leverage, the high cost of borrowing prevents the real estate's developers' from significantly reducing prices to boost sales growth. Moreover, the industry is also exposed to certain regulatory risks linked to stamp duty and registration tax directly impacting the demand and thus the operating growth of real estate players.

#### Rating Sensitivities

- Timely completion of the projects
- Timely realisation of customer advances pending from sold inventory
- Timely sale of unsold inventory and realisation of its customer advances

- Any Sharp decline in cash flow due to slower customer advances or delays in project execution

### **All Covenants**

- The promoters shall continue to hold, directly, at least 100% of the shareholding (on a fully diluted basis) in the company and each of the other Obligors.
- The promoters shall continue to hold, directly, at least 100% of the partnership interest in Adarsh Developers.
- The company and Obligors shall during the currency of the Debentures maintain a minimum asset cover of at least 1:1 as required under the Debenture Regulations.
- The Obligors shall not, enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction without the prior written consent of the Trustee.
- The company shall ensure that, at all the times its market value exceeds its liability.
- The company undertakes and shall procure that the other obligors, at all times, until the Final Settlement Date ensure that the Security Cover Ratio shall not be less than 3.00:1

### **Liquidity Position**

#### **Adequate**

Liquidity of the group is aided by collections from customers and disbursement of bank loan. Moreover, liquidity is further strengthened by incremental collections from customers and financial flexibility from the promoters and undisbursed bank loan of around Rs.110 Cr, which adds to the advantage to the group. In addition, under the terms of the sanction, the cash flows from the project - AWP Villas, being developed by Adarsh Developers are also pledged as collateral for the term loan facility obtained by the group which shall further improve the liquidity. Hence, liquidity is expected to be remain adequate over the medium term.

### **Outlook : Stable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	531.72	197.40
PAT	Rs. Cr.	142.61	(284.83)
PAT Margin	(%)	26.82	(144.29)
Total Debt/Tangible Net Worth	Times	(6.42)	(3.36)
PBDIT/Interest	Times	3.09	(1.57)

### Status of non-cooperation with previous CRA (if applicable)

Not Applicable

### Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Although Acuite requested an interaction with the Audit Committee the issuer entity was unable to arrange it.

### Any Other Information

None

### Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Real Estate Entities: <https://www.acuite.in/view-rating-criteria-63.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](https://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
23 Jan 2025	Non-Covertible Debentures (NCD)	Long Term	68.00	ACUITE BBB-   Stable (Upgraded from ACUITE BB Stable)
	Term Loan	Long Term	186.50	ACUITE BBB-   Stable (Assigned)
	Secured Overdraft	Long Term	15.00	ACUITE BBB-   Stable (Assigned)
	Non-Covertible Debentures (NCD)	Long Term	282.00	ACUITE BBB- (Upgraded & Withdrawn from ACUITE BB)
27 Dec 2024	Non-Covertible Debentures (NCD)	Long Term	282.00	ACUITE BB (Upgraded & Withdrawn from ACUITE B   Stable)
	Non-Covertible Debentures (NCD)	Long Term	68.00	ACUITE BB   Stable (Upgraded from ACUITE B   Stable)
29 Dec 2023	Proposed Non Convertible Debentures	Long Term	100.00	ACUITE B   Stable (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	250.00	ACUITE B   Stable (Assigned)
02 Aug 2023	Proposed Non Convertible Debentures	Long Term	100.00	ACUITE B   Stable (Assigned)
	Non-Covertible Debentures (NCD)	Long Term	400.00	ACUITE Not Applicable (Withdrawn)
14 Oct 2022	Non-Covertible Debentures (NCD)	Long Term	400.00	ACUITE B   Stable (Reaffirmed)

### Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	INE0CKK08019	Non-Convertible Debentures (NCD)	17 Jan 2024	15	30 Jun 2027	68.00	Simple	ACUITE BBB-   Stable   Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE BBB-   Stable   Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	20 Jun 2027	186.50	Simple	ACUITE BBB-   Stable   Reaffirmed

### \*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr. No.	Company name
1	Akarshak Realty Private Limited
2	Shreshta Infra Projects Private Limited
3	Alekhya Property Developments Private Limited

## Contacts

Mohit Jain Senior Vice President-Rating Operations	<b>Contact details exclusively for investors and lenders</b>
Parth Patel Lead Analyst-Rating Operations	Mob: +91 8591310146 Email ID: <a href="mailto:analyticsupport@acuite.in">analyticsupport@acuite.in</a>

### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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