



Press Release
SHRESHTA INFRA PROJECTS PRIVATE LIMITED
June 09, 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| Total Withdrawn Quantum (Rs.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 take 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 cyclical 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's 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 Park1” 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 amongst the 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 31st 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 31st 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 cyclicity 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.

ESG Factors Relevant for Rating

The group has commitment to energy management, is conscious towards technology absorption and has taken measures to conserve energy. Further, it promotes gender diversity and inclusivity. The board comprises of a strong team of promoters and experienced industry professionals. Also, to manage the corporate governance anti

bribery, anti corruption and whistleblower policy has been framed.

Rating Sensitivities

- Timely completion of the projects
- Timely realisation of customer advances pending from sold inventory and sale of unsold inventory to support the debt repayments

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

The company recently received a SEBI order for non disclosure of covenants in placement memorandum for NCDs issued in January 2024. Further, the order also highlighted instances of failure to intimate and delay in intimation for partial redemption of NCDs between June and August 2024. Accordingly, the company was charged a nominal penalty which has been paid.

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 Investment Trust (REIT): <https://www.acuite.in/view-rating-criteria-81.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité 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.

Rating History

| Date | Name of Instruments/Facilities | Term | Amount (Rs. Cr) | Rating/Outlook |
|-------------|-------------------------------------|-----------|-----------------|--|
| 05 Mar 2025 | Non-Convertible Debentures (NCD) | Long Term | 68.00 | ACUITE BBB- Stable (Reaffirmed) |
| | Term Loan | Long Term | 186.50 | ACUITE BBB- Stable (Reaffirmed) |
| | Secured Overdraft | Long Term | 15.00 | ACUITE BBB- Stable (Reaffirmed) |
| 23 Jan 2025 | Non-Convertible 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-Convertible Debentures (NCD) | Long Term | 282.00 | ACUITE BBB- (Upgraded & Withdrawn from ACUITE BB Stable) |
| 27 Dec 2024 | Non-Convertible Debentures (NCD) | Long Term | 68.00 | ACUITE BB Stable (Upgraded from ACUITE B Stable) |
| | Non-Convertible Debentures (NCD) | Long Term | 282.00 | ACUITE BB (Upgraded & Withdrawn 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-Convertible Debentures (NCD) | Long Term | 400.00 | ACUITE Not Applicable (Withdrawn) |
| 14 Oct 2022 | Non-Convertible 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 | Alekhyia Property Developments Private Limited |

Contacts

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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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