

Press Release

Saha Estate Developers Private Limited

December 30, 2021



Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Non-Convertible Debentures (NCD)	130.00	ACUITE D Assigned	
Total	130.00	-	-

Rating Rationale

Acuite has assigned the long-term rating of 'ACUITE D' (read as ACUITE D) on the Rs. 130.00 crore bank facilities of Saha Estate Developers Private Limited (SEDPL).

The rating is assigned on the basis of default confirmation by the debenture trustee of the company. Also the default in payment of Interest and redemption for the month of June 2021 and for the prior period mentioned on the NSDL website is taken into consideration.

About the Company

Saha Estate Developers Private Limited (SEDPL) is a private limited company incorporated on 05 February 2014. SEDPL was incorporated in February 2014 at New Delhi to undertake real estate development activities in the city. SEDPL is constructing a residential project under the name "Opulence" at Sector 150, Noida. The entire project of the company is divided into three phases with a total saleable area of 16.30 Lac sq. ft. The land of the project belongs to the Lotus Group. SEDPL has entered into a Joint Development Agreement (JDA) with Wishland Buildzone Pvt Ltd to develop the project. Further SEDPL has entered in PMC agreement with ATS Nirman Pvt. Ltd. (ATS Group Company) to develop and sell the project. Mr. Aniel Kuumar Saha, Mr. Aunirban Saha & Mr. Ashok Kumar Saha are the promoters.

Analytical Approach

The team has considered the standalone business and financial risk profile of Saha Estate Developers Private Limited to arrive at this rating.

Key Rating Drivers

Strengths

> Locational Advantage

The company's project is situated in Sector 150, Noida which is a prime location in Noida as sector 150 and 151 is approved for 500 acres of sports city which will includes 9-hole golf course, tennis court, cricket pitch, skating strip, olympic size swimming pool, gyms, basketball half court, rock climbing area, badminton court, billiards arena and squash court which will help attract more buyers for the project and will improve the demand for the society.

Weaknesses

> Delay in launch of project and repayment

The company is planning a residential project with the name "Opulence" which was to be launched in 2017 however the same is not yet launched and is expected to launch in April

2022. The delay was on account of several litigations made on the directors for delay in completion of various real estate project being undertaken by the existing promoters. This resulted into financial stress and management issues and ultimately delay in the launch of project. Due to the aforesaid factors the company delayed in repayment of interest and redemption amount for the debentures.

Allotment of debentures and restructuring thereon

The company had executed mortgage cum debenture trust deed dated January 09 2017 amongst the company and debenture trustee for issuance and allotment of upto 1300 debentures having aggregate amount of Rs. 130.00 Cr. The company has allotted 705 debentures against total amount of Rs. 70.50 Cr. In three tranches on 24th January 2017, 04 May 2017 and 13 March 2020 to DMI Finance.

The company on 18th November 2020 entered into a restructuring agreement between the company, DMI Finance Private Limited and Axis Trustee. In the restructuring the company was provided moratorium of 4 quarters for interest and 48-month moratorium of principal amount. The final redemption date was fixed at 84 months from the date of execution of the agreement i.e. 18th November 2020.

> Geographical Concentration

The company has only one project which is located in Sector 150, Noida which increases the risk of projects in terms of less geographic diversity as well as considering sectoral diversity majority of the company's projects constitutes of residential sector only.

> Future cash flows

The cash inflow of the project as per the company's projection remained lower than the projected cash outflow. Also the ICR and DSCR of the project remained less than unity in most of the quarters. From the projections submitted and the aforementioned facts it can be inferred that due to lower inflow than the outflow the project might fall in jeopardy.

ESG Factors Relevant for Rating

Corporate governance factors are highly material for the real estate industry. Regulatory compliance, board oversight and business ethics are key governance matrices for this industry. Moreover, corruption risks in real estate activities, shareholders' rights, board diversity & independence, financial audit & control and board & management compensation have significant impact on the governance performance of real estate companies. Labor management particularly such as employment quality, employee safety, training & development, are significant social factors in the real estate business. Additionally, the other key material social issues are community support & development, product quality & responsibility and human rights. The activities of a real estate entity have a moderate impact on the environment that include material issues such as energy, water efficiency and waste management.

The board of directors of the company comprise of 5 directors out of which 3 are independent directors and no female director. The company has adequate policies on related party transactions and ethical business practices. Company is committed to abide by the labour laws securing the labour welfare. The company is hiring labors through legitimate channels which abide by the laws. The company has got the environmental clearance certificate and fire clearance from the competent authority and are committed to comply with the environmental norms. Further the society developed will have green coverage.

Rating Sensitivities

- > Companies ability to clear the default and repay its debt
- > Ability of the company to launch its project and generate cash flow
- > Ability of the company to generate revenue and remain profitable

Material covenants

None

Liquidity Position: Poor

The liquidity position of the company is poor as the project of the company is delayed and the company is still not generating any revenue resulting into net losses and negative cash accruals against CPLTD of Rs. 49.04 Cr. Further the company has a cash balance of Rs. 0.11 Cr. in FY21.

Outlook: Not Applicable**Key Financials**

Particulars	Unit	FY 21 (Provisional)	FY 20 (Actual)
Operating Income	Rs. Cr.	0.00	0.00
PAT	Rs. Cr.	(0.04)	(0.18)
PAT Margin	(%)	0.00	0.00
Total Debt/Tangible Net Worth	Times	618.15	728.54
PBDIT/Interest	Times	0.99	0.99

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

The company is flagged Issuer Not Cooperating by Brickwork Ratings as per the report dated 08 March 2021.

Any Other information

None

Applicable Criteria

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

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Not Applicable	INE334W07016	Non-Convertible Debentures (NCD)	25-01-2017	19.75	15-12-2022	37.00	ACUITE D Assigned
Not Applicable	INE334W07024	Non-Convertible Debentures (NCD)	04-05-2017	19.75	15-12-2022	20.00	ACUITE D Assigned
Not Applicable	Not Applicable	Proposed Non Convertible Debentures	Not Applicable	Not Applicable	Not Applicable	73.00	ACUITE D Assigned

Contacts

Analytical	Rating Desk
Aditya Gupta Vice President-Rating Operations Tel: 022-49294041 aditya.gupta@acuite.in Sushant Kumar Mishra Manager-Rating Operations Tel: 022-49294065 sushant.mishra@acuite.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in

About Acuité Ratings & Research

Acuité Ratings & Research Limited is a full-service Credit Rating Agency registered with the Securities and 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. Since then, it has assigned more than 8,850 credit 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.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité