



Press Release
SUVITA REAL ESTATES PRIVATE LIMITED
December 20, 2023
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Non Convertible Debentures (NCD)	95.00	Provisional ACUITE C Assigned	-
Total Outstanding Quantum (Rs. Cr)	95.00	-	-

Rating Rationale

Acuite' has assigned its long-term rating of '**Provisional ACUITE C**' (read as **Provisional ACUITE C**) on the Rs 95.00 Cr proposed Non-Convertible Debentures of Suvita Real Estate Private limited (SREPL).

The rating on the proposed Rs.95.00 Cr Non-convertible debentures is provisional, and the final rating is subject to the following documents.

- Receipt of the executed trust deed
- Receipt of the No-objection Certificate (NOC) from the existing lender i.e. Blackrock Asia Pacific Private Credit Opportunities 1 Singapore Pte. Ltd. after satisfaction of debt.
- Receipt of the final term sheet and confirmation from trustee regarding the compliance with all the terms and conditions
- Legal opinion on the transaction, if applicable

Rationale for rating assigned

The rating assigned takes into account the delay in the repayments of existing NCD by company which was due on 30th September 2023. Further, the rating also factors the risk in the refinancing of NCDs due to compliance of various precedent conditions laid down in the term sheet, however few of the conditions are complied.

About the Company

Incorporated in 2019, Suvita Real Estate Private Limited (SREPL) is wholly own subsidiary of Shapoorji Pallonji Real Estate Private Limited (SPREPL) (Formerly known as Shapoorji Pallonji Construction Private Limited) and the ultimate parent company is Shapoorji Pallonji and Company Private Limited.

The current directors of the company are Mr. Rajesh Baxi, Mr. Kanishka Phatak and Mr. Jotish Jha.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite' has considered the standalone business and financial risk profile of SREPL to arrive at the rating.

Key Rating Drivers

Strengths

Strong and experienced promoter

Incorporated in 2019, Suvita Real Estate Private Limited is a wholly owned subsidiary of Shapoorji Pallonji Construction Private Limited which is further fully owned by Shapoorji Pallonji and Company Private Limited. SREPL on a standalone basis is not into any day-to-day operations. The Shapoorji Pallonji group is one of the well established and diversified group in India, having operations in various fields such as construction, real estate, infrastructure, Water, Energy etc, having significant value of land and property holdings.

Weaknesses

Delay in repayment of NCD.

SREPL in October 2020 has issued non-convertible debenture worth Rs.75.00 crores to Blackrock-Asia Pacific Private Credit Opportunities 1 Singapore Pte. Ltd which was due for repayment in September 2023. The company has till date not been able to repay the entire amount outstanding.

High dependence on the refinancing

The company is highly dependent on the refinancing of the NCD to repay the existing lender. However, successful refinance is dependent upon the compliance of various precedent conditions laid down in the term sheet. Timely refinance of the debt would be the key rating sensitivity.

Rating Sensitivities

- Timely refinancing by issuance of NCD

All Covenants

None

Liquidity Position

Poor

The liquidity of the company is marked poor as it has already defaulted on its NCD repayment obligations. The company has proposed a new NCD to repay the existing lender. Going ahead, the group will be monetizing land to repay the proposed NCD.

Outlook:Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	15.50	0.00
PAT	Rs. Cr.	(4.92)	(5.87)
PAT Margin	(%)	(31.75)	0.00
Total Debt/Tangible Net Worth	Times	(9.33)	(12.81)
PBDIT/Interest	Times	0.72	0.64

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

Not Applicable

Any other information

Supplementary disclosures for Provisional Ratings

Risks associated with the provisional nature of the credit rating

In case there are material changes in the terms of the transaction after the initial assignment of the provisional rating and post the completion of the issuance (corresponding to the part that has been issued) Acuité will withdraw the existing provisional rating and concurrently assign a fresh final rating in the same press release, basis the revised terms of the transaction.

Rating that would have been assigned in absence of the pending steps/documentation

The structure would have become null and void for the instrument. The rating of the instrument would have been equated to the standalone rating of the issuer (ACUITE C).

Timeline for conversion to Final Rating for a debt instrument proposed to be issued

The provisional rating shall be converted into a final rating within 90 days from the date of issuance of the proposed debt instrument. Under no circumstance shall the provisional rating continue upon the expiry of 180 days from the date of issuance of the proposed debt instrument

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.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 :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Not Applicable	Not Applicable	Proposed Non Convertible Debentures	Not Applicable	Not Applicable	Not Applicable	Simple	95.00	Provisional ACUITE C Assigned

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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