



Press Release
SVP BUILDERS INDIA LIMITED
February 18, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	100.00	ACUITE BBB- Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	100.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned the long-term rating to '**ACUITE BBB-**' (read as **ACUITE Triple B minus**) for **SVP Builders India Limited** on the Rs.100.00 Cr. bank facilities. The outlook is '**Stable**'.

Rationale for Rating

The assigned rating is mainly driven by the company's consistent receivables growth, effective management of project-related risks, and notable improvement in financial flexibility, all of which enhance its overall credit profile. The company's diversified portfolio, spanning both commercial and residential real estate, helps mitigate the risks tied to any single industry. As on date, over 64% of the inventory has been sold. The rating reflects the company's strong business risk profile, backed by moderate bookings and customer advances for ongoing projects. The company's favourable debt-service coverage ratio (DSCR) along with the availability of fungible funds across the projects, provide further comfort. These strengths are partially counterbalanced by the geographical concentration of revenue and exposure to the cyclical risks of the real estate sector. Acuite believes that the company will continue to benefit from its established market presence in the UP region and funds tie up. However, the collection efficiency for projects and the optimal use of funds will remain key sensitivity factors of the rating.

About the Company

SVP Builders India Limited was incorporated in 1992, based in Delhi. The company is engaged in the business of development and building of residential/ commercial properties. The Directors of the company are Mr. Sunil Kumar Jindal, Mr. Vijay Kumar, Mr. Pawan Kumar, and Ms. Swati Agarwal.

Unsupported Rating

Not Applicable.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of SVP Builders India Limited to arrive at this rating.

Key Rating Drivers

Strengths

Experienced management

The company is managed by Mr. Sunil Kumar who professionally qualified civil engineer with over three decades of experience in Real Estate sector. In addition, the company has highly skilled and professionalized team who ensures the highest standards in quality and customer satisfaction and their extended market presence has aided the business in building strong client relationships. The company has an ongoing project i.e. Gulmohar Garden –Utopia The Nest having combined residential and commercial in two respective towers.

Healthy booking progress and customer advances in project

The Company has achieved healthy sales in the ongoing project, out of the total saleable units which the company currently has, 64% of the same is already sold. There has also been an ample flow of advances from sold commercial and residential segment of the project. An adequate sales velocity gives sustained cash flow visibility. However, the company has collected 21.5% from Commercial segment and 61.2% in the residential segment against the cumulative construction progress of 82.7% as on 31st December 2024 indicating moderate collection efficiency and the same needs to be monitored. The company is expected to receive healthy receivables out of customer advances to be received (both tied up and future sales) which will support the remaining construction of

ongoing project.

Comfortable Debt Service Coverage Ratio

The project under development is funded by a combination of debt, customer advances and promoter funds. The company's high cash flow coverage ratio throughout the projections indicates that it is expected to have enough cash flow to fulfil its debt commitments. The overall cash flow of the company seems sufficient.

Weaknesses

Exposure to Demand Risk and higher reliance on Customer advances

The company is undertaking construction of residential and commercial Project wherein at 64% of the project is sold as on 31st December 2024 and balance is yet to be sold, hence it is exposed to demand risk and there is a higher reliance on the customer advances. Further, currently the project is in its full swing and is expected to be completed before the RERA schedules. However, any delay or slow progress in collection from customers will result into additional borrowing and hence the collection efficiency needs to be closely monitored.

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

- Substantially higher than-anticipated cash inflows, supported by healthy bookings.
- Strong Collection Efficiency resulting into strong DSCR.
- Any delays in completion of the ongoing project impacting the liquidity profile.
- Drawdown of additional debt or cost overrun in the residential and retail commercial building impacting the financial risk profile.

Liquidity Position

Adequate

Supported by the healthy sales velocity and healthy receipt of customer advances for its projects, company currently has healthy liquidity. Furthermore, the company is expected to generate healthy surplus over medium term. The group has a comfortable DSCR under the range of 1.5x to 2x till FY27.

Outlook - Stable

Other Factors affecting Rating

None.

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	42.79	138.11
PAT	Rs. Cr.	1.49	1.36
PAT Margin	(%)	3.47	0.98
Total Debt/Tangible Net Worth	Times	0.86	0.75
PBDIT/Interest	Times	1.35	1.41

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

None.

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

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	50.00	Simple	ACUITE BBB- Stable Assigned
Bajaj Housing Finance Ltd.	Not avl. / Not appl.	Term Loan	27 Nov 2024	Not avl. / Not appl.	15 Jun 2030	50.00	Simple	ACUITE BBB- Stable Assigned

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About Acuité Ratings & Research

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