



Press Release
VALENCIA AND MISHAL VENTURES PRIVATE LIMITED
September 11, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Non Convertible Debentures (NCD)	570.00	ACUITE BB- Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	570.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned its long-term rating of '**ACUITE BB-**' (read as **ACUITE double B Minus**) on Rs.570.00 Cr. Non-convertible debentures (NCD's) of Valencia and Mishal Ventures Private Limited (VMVPL). The outlook is '**Stable**'.

Rationale for rating:

The rating assigned considers, the experience of the management in real estate sector, the locational advantage of the project 'One Marina' and moderate sales traction. However, the rating is constrained by the issuers recent track record in debt repayment, project execution risk as ~ 25 percent of the work is completed, funding risk with high dependency on customer advances for completion of project, moderate offtake risk, stretched liquidity position and susceptibility to real estate cyclical and regulatory risks.

About the Company

Valencia and Mishal Ventures Private Limited (VMVPL) was incorporated on December 12, 2015, in Mumbai, Maharashtra. It is involved in the real estate development and construction. The company has 50 percent shareholding of Ashwin Sheth group, a renowned real estate player in Mumbai and remaining 50 percent is held by Y. M. Infra groups. The company has a project in South Mumbai called "One Marina".

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered standalone business and financial risk profile of VMVPL while arriving at the rating

Key Rating Drivers

Strengths

Established track record and extensive industry experience of the management:

Ashwin Sheth group was established in 1986 and has executed large-scale and high-rise residential and commercial projects across Mumbai and in Dubai. The group has completed more than 80 projects, encompassing over 35 million sq.ft of area. The group's key projects include Vivana Mall (Thane, Mumbai), Sheth Beau Monde (Prabhadevi, Mumbai), Vasant Lawns (Thane, Mumbai) and Iris Bay (Dubai). Y.M Infra group, based in Mumbai has been actively involved in real estate development, particularly in high-value projects. Acuite believes that the promoter's longstanding presence, sizable scale of operations and portfolio of successfully executed projects and brand visibility in Mumbai real estate market will benefit business risk profile of VMVPL.

Locational advantage of the project

The project 'One Marina' with a total saleable area of 3,81,367 sq.ft is in Marine lines, South Mumbai which

offers significant connectivity to key commercial hubs such as Nariman Point and BKC with proximity to public transportation stations. The project benefits from established civic infrastructure, hospitals and cultural landmarks

along with sea-facing tag that enhances the pricing ability. Given the Coastal Regulation Zones (CRZ) in the area and project's sea-facing configuration, new project supply in the area is limited. Acuite believes that the location of the project provides a significant competitive advantage and supports the project's demand profile.

Weaknesses

Moderate implementation risk and offtake risk

The 'One Marina' project is located in South Mumbai, which is dominated by several real estate players in luxury or ultra-luxury segment. The project is positioned in the ultra-luxury segment, with an average unit value more than Rs.5.00 Cr. The project was launched in October, 2021, with an estimated total cost of Rs.1683.00 Cr. As on June 30, 2025, the project has incurred Rs.416.00 Cr, representing approximately 25 percent of total cost. Thus, the project is exposed to considerable execution risk. As on June 30, 2025, approximately 75 percent of the total 247 units valued at Rs.991.00 Cr. have been sold, indicating healthy sales traction. However, collection remained low with only Rs.235.00 Cr. (~24 percent) recovered from the total sales as on June 30, 2025. Additionally, from July till August 15th, 2025, a total 4816.52 sq.ft of 3 units worth Rs.19.73 Cr. were sold. Acuite believes that the timely construction of the project without any cost or time overruns will be a key rating monitorable. However, the locational advantage is likely to benefit the project in maintaining the sales traction.

Moderate funding risk:

The total project cost is Rs.1683.00 Cr, as on June 30, 2025, Rs.416.00 Cr. of project cost has been incurred, funded through customer advances of Rs.235.00 Cr. and remaining through debt. The remaining Rs.1267.00 Cr. project cost is to be funded by Rs.450.00 Cr of debt, Rs.17.00 Cr. equity and Rs.800.00 Cr. through customers' advances. Additionally, received Rs.11.05 Cr. incremental collections from July till August 15th 2025. The project is funded through Rs.570.00 Cr. is to be funded through non-convertible debentures. The company has successfully issued first tranche NCD's of Rs.170.00 Cr in the month of April 2025 to repay Rs.67.00 Cr. bank debt through one time settlement (OTS) which was assigned to J C Flowers and rest to fund construction of the project. Further, equity infusion is limited to Rs.20 Cr, of which only Rs.3 Cr. has been infused till June 30, 2025. The funding plan for the balance project cost, is majorly dependent of the customer advances and debt. Therefore, ability in timely receipt of customer advances will be a key rating monitorable.

Susceptible 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 the real estate industry are cyclical in nature of business (drop in property prices) and interest rate risk, among others, which could affect the operations. The project is exposed to the risk of volatile prices on account of demand-supply mismatches in the Mumbai real estate industry. Further, the project operates in a coastal zone and heritage- sensitive region in Mumbai, which increases exposure to environmental and zoning regulations such as Coastal regulation zone (CRZ) norms, thereby impacting its operating capabilities. However, the company has already got all the necessary approvals that mitigates the risk to an extent. Acuite believes that any changes or tightening in these regulatory provisions could impact construction timelines.

Assessment of Adequacy of Credit Enhancement under various scenarios including stress scenarios (applicable for ratings factoring specified support considerations with or without the "CE" suffix)

Valencia and Mishal Ventures has escrow arrangement to prioritize statutory payments, operating expenses and debt servicing. Additionally, ISRA equivalent to 3 months of cash coupon payments provides comfort against debt repayment.

Stress scenario:

The presence of ISRA and promoters guarantee would ensure timely debt repayments in case of stress scenarios.

Rating Sensitivities

- Timely completion of construction milestones.
- Improvement in sales velocity and timely receipt of customer advances.
- Augmentation of cash flows from sold and unsold inventory.

All Covenants

Customary subordination of related party transactions and debt from YM Infra Group and Sheth Homes Avenue. Unconditional and irrevocable demand guarantees from the Promoter. Cash Coupon of 3 months to be maintained at all times in a bank account controlled by Investor.

Setting up an escrow account for controlling and managing cash flow of the Issuer in relation to Project One Marina (a suitable mechanism for comprehensive bank account control, with escrow accounts and cash controls, will be agreed by the Issuer and the Investor in the definitive documents

Liquidity position: Stretched

VMVPL's liquidity position is expected to be stretched with tightly matching cash inflows to the outflows with average project debt service coverage ratio (DSCR) projected to remain just above unity during the tenure of the debt. Further, the project is dependent on timely receipt of customer advances and scheduled drawdowns of debt to sustain the liquidity. However, promoters have demonstrated flexibility to infuse funds as and when required.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	0.00	0.00
PAT	Rs. Cr.	(0.03)	0.02
PAT Margin	(%)	0.00	0.00
Total Debt/Tangible Net Worth	Times	(5502.48)	11333.52
PBDIT/Interest	Times	1.00	1.01

Key Financials :

The total debt to tangible net worth ratio, as presented in the key financials, includes unsecured loans. After treating unsecured loans as quasi-equity, the adjusted ratio stood at 1.44 times as on March 31, 2025 (Prov.) and 1.14 times as on March 31, 2024.

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. 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	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	INE02HF07016	Non-Convertible Debentures (NCD)	29 Apr 2025	12.00	29 Apr 2029	170.00	Simple	ACUITE BB- Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Non Convertible Debentures	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	400.00	Simple	ACUITE BB- Stable Assigned

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