

June 24, 2014

Facilities	Amount (Rs. Crore)	Ratings
<b>Term Loan</b>	<b>25.00</b>	<b>SMERA BB/Stable (Assigned)</b>
<b>Letter of Credit/Letter of Guarantee</b>	<b>20.44</b>	<b>SMERA A4+ (Assigned)</b>

SMERA has assigned ratings of '**SMERA BB**' (**read as SMERA double B**) to the long-term (fund based) bank facilities and '**SMERA A4+**' (**read as SMERA A four plus**) to the short-term (non-fund based) bank facilities of Vashisth Builders and Engineers Limited (VBEL). The outlook is '**Stable**'. The ratings are supported by the company's experienced management, healthy net profit margin and moderate financial risk profile. The ratings are further supported by the advanced stage of execution of the company's ongoing project. The ratings draw comfort from the healthy bookings levels in the first phase of the company's ongoing project. However, the ratings are constrained by the company's exposure to intense competition in the real estate sector. The ratings are also constrained by the company's exposure to project saleability risk amidst slowdown in the real estate sector.

VBEL, incorporated in 1990, is a Faridabad-based real estate company engaged in developing integrated residential and commercial plots. VBEL benefits from its experienced management. The company's promoters have around two decades of experience in the real estate sector. VBEL reported healthy net profit margin of 3.30 per cent in FY2012-13 (refers to financial year, April 01 to March 31). The company has strong debt protection metrics, as reflected in leverage (debt-to-equity ratio) of 0.27 times as on March 31, 2013 and interest coverage ratio of 3.36 times in FY2012-13.

VBEL is currently developing plots for an integrated industrial township (spread over 50 acres) in Faridabad, Haryana. The company has completed ~80 per cent development of the project. VBEL registered healthy booking levels (~60 per cent) in the first phase of the project.

VBEL faces intense competition from several ongoing residential and industrial projects (undertaken by various reputed builders, including RPS Infrastructure, Ansal Group and Puri Constructions) in Faridabad. The company is also exposed to project saleability risk, which is intensified by the current slowdown in the real estate sector.

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### Outlook: Stable

SMERA believes VBEL will maintain a stable business risk profile in the medium term. The company is likely to benefit from its experienced management and healthy booking levels (registered in the first phase of the ongoing project). The outlook may be revised to 'Positive' in case the company registers steady increase in cash inflows from customer advances. Conversely, the outlook may be revised to 'Negative' in case of delays in project execution, or in case of liquidity pressure arising from delays in receipt of customer advances.

### About the project

VBEL is developing plots for a 50-acre integrated industrial township (named Global Industrial Park) in Sector 72 and Sector 73, Faridabad, Haryana. The township includes industrial, commercial and residential plots. The company has registered 60 per cent bookings in the first phase of the project which covers 25.50 acre of area.

### About the company

VBEL, incorporated in 1990, is a Faridabad-based real estate development company. VBEL is engaged in developing integrated residential and commercial plots in Faridabad, Haryana.

For FY2012–13, VBEL reported net profit of Rs.0.86 crore on total income of Rs.25.95 crore, as compared with net profit of Rs.1.57 crore on total income of Rs.9.50 crore for FY2011–12. The company registered revenue of Rs.32.00 crore (provisional) during April 2013 to February 2014. VBEL's net worth stood at Rs.42.44 crore as on March 31, 2013, as compared with Rs.35.25 crore a year earlier.

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