

Shreevelu Builders Private Limited

March 15, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	50.00	CARE D; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has been seeking information from Shreevelu Builders Private Limited (SBPL) to monitor the ratings vide e-mail communications dated March 05, 2024, January 22, 2024, February 28, 2024, etc. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings.

In line with the extant SEBI guidelines, CARE Ratings has reviewed the rating on the basis of the best available information which, however, in CARE Ratings opinion is not sufficient to arrive at a fair rating. The rating of SBPL's bank facilities will now be denoted as **CARE D; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings assigned to the bank facilities of SBPL continue to factor in the delay in debt servicing.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers:

At the time of previous rating published on May 02, 2023, the following were the key rating drivers:

Key weaknesses

Slower pace of project execution

The company is currently undertaking 'Phase-I' of the project named as 'Sree Arpana' in Yercaud foothills, Salem, Tamil Nadu for a total saleable area of 2.92 lakh square feet (lsf) under Joint Development with company's share of 81.58% consisting of 26 independent villas and 220 residential apartments. Since the project's inception in June 2017, the company has completed only 68% of its estimated project cost as on January 2023 end, indicating slower pace of project execution. Moreover, given that the expected completion date as per RERA is June 2023 (which was extended from the initial estimated completion date of December 2021) the pace of construction still remains low. The company is still to incur remaining construction cost of Rs.32 Cr for this project. The company against its estimated revenue of Rs.126 Cr, has sold 44% in terms of value and 52% in terms of area as on January 31, 2023.

Exposed to cyclical nature of real estate market and regional concentration risk

Currently, the company is executing only one project in Salem, thus leading to geographical concentration risk. The real estate industry's demand volatility remains high, owing to recent occurrences like natural disasters, the COVID-19 pandemic, and a general slowdown in the real estate market due to rising interest rates.

Key strengths

Experienced promoters

SBPL's founding chairman and managing director is NVK Velan. He has a civil engineering degree and extensive expertise in the construction sector, and he is well supported by the other board members in the day-to-day operations of the company. SBPL has already developed and built about 15 lsf of residential space in notable Chennai areas.

Liquidity: Poor

The company has delays in servicing its debt obligations.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Applicable criteria

[Definition of Default](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Policy in respect of non-cooperation by issuers](#)
[Rating Outlook and Rating Watch](#)
[Financial Ratios – Non financial Sector](#)
[Rating methodology for Real estate sector](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Realty	Realty	Residential, Commercial Projects

Shreevelu Builders Private Limited (SBPL), incorporated during 1994 in Chennai, is engaged in development of real estate projects and operates under the brand name 'Taraka'. The company has already completed 14 different projects with a combined total area of 15 lakh square feet and SBPL's founding chairman and managing director is NVK Velan.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	March 31, 2023 (A)
Total operating income	10.44	11.61	11.63
PBILDT	1.76	1.94	3.37
PAT	0.17	0.20	0.19
Overall gearing (times)	2.16	2.13	2.15
Interest coverage (times)	0.78	0.77	1.11

A: Audited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	30-06-2023	50.00	CARE D; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Term Loan	LT	50.00	CARE D; ISSUER NOT COOPERATING*	1)CARE D (02-May-23)	1)CARE D; ISSUER NOT COOPERATING* (16-Jun-22)	1)CARE D; ISSUER NOT COOPERATING* (01-Apr-21)	1)CARE B+; Stable (11-May-20)

*Issuer did not cooperate; based on best available information.

LT: Long term

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not applicable**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

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Disclaimer:

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