

Vilas Javdekar Infinite Developers Private Limited

August 22, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	162.00	CARE BBB+; Stable	Assigned

Details of facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Vilas Javdekar Infinite Developers Private Limited (VJIDPL) derives comfort from the experienced promoters with an established track record of completion of projects within specified timelines resulting in strong brand recall of 'Vilas Javdekar' in the Pune real estate market. This has resulted in strong customer response for the on-going projects resulting in healthy booking ratio in the initial months of project launch itself and comfortable committed receivables to pending project cost ratio. The ratings also factor stable industry outlook backed by healthy demand and new launches of mid-segment housing projects in Pune.

The ratings also factor in VJIDPL's the comfortable financial risk profile owing to its low dependence on external debt for funding its construction cost and mandatory prepayment clause for all its debt linked to customer collections.

The ratings, however, remains constrained on account of inherent risk associated with the on-going projects considering its size and geographical concentration risk stemming from the group's restricted presence in Pune and inherent cyclicity associated with the real estate sector.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Healthy bookings from the upcoming projects, leading to sustenance of the committed receivables as a % of pending construction cost & total debt over 100%
- Successful completion of on-going projects and realization of envisaged profits therein leading to significant improvement in the financial risk profile of the company

Negative factors

- Cost overrun by more than 20% in the ongoing projects
- Time overrun in execution of on-going projects by more than 6 months from scheduled date of completion.
- Higher than envisaged debt levels leading to deterioration in the financial risk profile of the company
- Delay in receipt of advances from booked units or slower than envisaged bookings in the upcoming projects leading to increase in unsold inventory.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings (CARE Ratings Limited) believes that the group will continue to benefit from strong brand recall of 'Vilas Javdekar' in the Pune real estate market, and it will be able to sustain its business and financial risk profile in medium term driven by healthy collections from the on-going projects.

Detailed description of the key rating drivers:

Key strengths

Robust booking and collection momentum in the on-going projects:

VJIDPL is currently executing 4 residential projects having a total saleable area of 42.08 lakh square feet (Isf) in Pune. All the on-going projects in Pune are in the West (Wakad, Hinjewadi and Punawale) and East (Kharadi) areas having close connectivity to NH-4 bypass. The mid-segment project launches and its demand in these areas have remained significantly higher driven by infrastructure development and IT-enabled commercial growth.

Till May 31, 2024, VJIDPL has received bookings for ~98% of the total saleable area having a collective sales value of Rs.2541 crore, of which customer advances of Rs.1477 crore has been received by the company. Furthermore, considering the total units sold by the company in the trailing 12 months ended May 31, 2024, the inventory overhang remained below 1 month for the on-going projects.

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

Comfortable financial risk profile:

As on May 31, 2024, VIDPL has incurred over Rs.1,200 crore in ongoing projects, which was funded primarily through customer advances. VIDPL's overall gearing improved significantly and remained comfortable to 0.68x as on FY24-end as against 3.52x as on FY23-end owing to significant prepayment of debt out of the project collections. As on May 31, 2024, total debt of the company remained low at Rs.45.52 crore. The debt coverage indicators marked by PBILDT interest coverage and TD/PBILDT remained healthy at 3.90x (FY23: 3.62x) and 0.78x (FY23: 2.62x) as on FY24-end respectively.

The gearing is expected to remain below unity level in the medium term given minimal dependence on the external debt for execution of the on-going / upcoming projects and healthy accretion of profits on a y-o-y basis.

Experienced promoters with strong brand recall 'Vilas Javdekar' in the Pune real estate market

Promoted by Mr. Vilas Javdekar, the group has an established track record of more than two decades of completing multiple residential and commercial admeasuring 64 lsf in Pune's micro real estate segment, with around 41.4 lsf is developed in past five years ended FY24. Timely delivery of the projects and quality of the construction has led to minimal inventory pile up at group level marking strong brand recall of 'Vilas Javdekar' in the Pune real estate market.

Currently, the operations of the group is being managed by the second generation of the family i.e. Mr. Aditya Javdekar and Mr. Sarvesh Javdekar, having more than 15 years of experience in the industry.

Key weaknesses

Implementation risk associated with the on-going projects

VJIDPL is currently executing 4 projects, which are at multiple stages of execution. While the construction progress remained satisfactory with around 48% of the construction cost being incurred till May 31, 2024 (total construction cost: Rs.1351 crore), considering project under execution accounts for around 66% of projects developed by the group till date, scaling up of resources to ensure completion of the on-going projects within the scheduled timelines remains crucial. Moreover, VJIDPL has planned to launch sizeable area in near to medium term, and hence, CARE Ratings expects the execution risk of the company to elevate.

Geographical concentration risk

All the projects of Vilas Javdekar group are developed in micro-markets of Pune, Maharashtra. Geographical concentration of the projects exposes VJIDPL's growth prospects to the micro and socio-political upheavals in the region. However, considering growing IT sector, infrastructure development and attractive pricing compared to other metropolitan cities, overall demand for real estate is expected to remain stable in the medium term.

Inherent cyclical nature of real estate Industry:

VJIDPL is exposed to the cyclicity associated with the real estate sector, which has direct linkage with the general macroeconomic scenario, interest rates and level of disposable income available with individuals. Moreover, the profitability of the real estate companies is highly dependent on property markets. A high interest rate scenario could discourage the consumers from borrowing to finance the real estate purchases and might depress the real estate market.

Prospects

Sizeable launch of 24.23 lsf (Phase II of Yashwin Urbo Centro and Yashwin Enchantee) is planned by the company by the end of FY25. VJIDPL's ability to maintain healthy sales momentum in the upcoming projects and thereby ramp-up the bookings and collections while maintaining its healthy capital structure shall remain key rating monitorable.

Liquidity: Adequate

VJIDPL's liquidity remains adequate as reflected by healthy customer collection and sales momentum in its ongoing projects. The liquidity is also aided by low level of external debt owing to mandatory cash sweep of its collections towards existing debt of the ongoing projects.

As on May 31, 2024, the committed receivables from sold inventory of on-going and completed projects stood at Rs.975 crore, forming around 95% of total pending project cost and outstanding debt. Over and above the healthy committed receivables ratio, VJIDPL had unencumbered cash balance of Rs.147.38 crore as on May 31, 2024, apart from funded DSRA of Rs.1.80 crore towards debt repayment obligations. Furthermore, during the trailing 14 months ended May 31, 2024, VJIDPL has received customer advances of around Rs.884 crore from the ongoing projects, reflecting healthy collection efficiency.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[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

Incorporated in October 2020 by Mr. Aditya Javdekar and Mr. Sarvesh Javdekar, VJIDPL is a part of Pune-based 'Vilas Javdekar' group. The company is engaged into development of residential and commercial projects in and around Pune. Currently, VJIDPL is executing 4 residential projects with total saleable area of 42.08 lsf.

Vilas Javdekar group has as established track record of more than two decades in the real estate industry and the group has developed around 40 projects in the past having a total saleable area of 64 lsf.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (Prov.)
Total operating income	289.71	537.31
PBILDT	60.31	76.71
PAT	32.71	42.37
Overall gearing (times)	3.52	0.68
Interest coverage (times)	3.62	3.90

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

Status of non-cooperation with previous CRA: None

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	0.25	CARE BBB+; Stable
Fund-based - LT-Term Loan		-	-	February 2029	137.10	CARE BBB+; Stable
Non-fund-based - LT-Bank Guarantee		-	-	-	24.65	CARE BBB+; Stable

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 2024-2025	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
1	Fund-based - LT-Term Loan	LT	137.10	CARE BBB+; Stable				
2	Non-fund-based - LT-Bank Guarantee	LT	24.65	CARE BBB+; Stable				
3	Fund-based - LT-Cash Credit	LT	0.25	CARE BBB+; Stable				

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-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT-Bank Guarantee	Simple

Annexure-5: Lender detailsTo 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.

Contact us

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About us:

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