

Vypak Properties Private Limited

March 24, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Non-convertible debentures	155.00	CARE BBB+; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the proposed debt instrument of Vypak Properties Private Limited (VPPL) derives comfort from the experienced management in real estate industry and strategic location of the project.

However, rating strengths are partially offset by significant project execution, funding risk given the nascent stage of the project and pending financial closure. The company is also exposed to inherent cyclicity associated with the real estate sector.

CARE Ratings Limited (CARE Ratings) notes that proposed NCDs to be subscribed by institutional investor, will be repaid from surplus funds (if available) and will be subordinated to construction finance loans.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Satisfactory progress in the project without cost overruns.
- Healthy booking and collection against envisaged collection on a sustained basis.

Negative factors

- Significant time or cost overrun in project implementation.
- Delay in bookings and realising collections leading to stress on cash flows.

Analytical approach: Standalone

CARE Ratings has further factored in support from Birla Estate Private Limited (BEPL), for arriving at VPPL's rating.

Outlook: Stable

Stable outlook reflects CARE Ratings' expectation of timely execution of project, considering experience of promoters in the industry.

Detailed description of key rating drivers:

Key strengths

Experienced promoters

VPPL is a wholly owned subsidiary of BEPL (rated 'CARE AA; Stable'), which is a wholly owned subsidiary of Aditya Birla Real Estate Limited (ABREL; formerly known as Century Textiles and Industries Limited; rated 'CARE AA; Stable/CARE A1'). BEPL and ABREL are part of the Aditya Birla Group, headed by Kumar Mangalam Birla.

Being a wholly owned subsidiary of BEPL, VPPL enjoys financial and operational linkages with the parent. CARE Ratings understands that BEPL will infuse funds for need-based support. Apart from financial support, BEPL also lends managerial expertise to VPPL by having its own board members present on VPPL's board. BEPL is led by K. T. Jithendran, who has over 26 years of experience in the real estate sector and seasoned Chief Finance Officer (CFO) Keyur Shah having a total experience of 30 years including over 20 years in Real Estate.

Strategic location

VPPL plans to develop a residential project at Pune having 31 lakh square feet (lsf) saleable area. The project is strategically with excellent connectivity to key areas of the city. Situated near major highways and public transportation hubs, it ensures easy

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

access to commercial centres, educational institutions, and healthcare facilities. The property's proximity to vibrant shopping districts and recreational spots further enhances its appeal, making it an ideal choice for modern urban living.

Key weaknesses

Project execution and marketing risk

The company is planning to develop a residential project in Pune having potential saleable area of over 31 lsf. The project land is owned by VPPL. The project will be funded with the mix of different forms of debentures, construction finance from bank and customer advances/payments. The project is expected to be launched in the near term. CARE Ratings observes that considering the nascent stage, the company is exposed to project execution and market risk. However, experience of promoter in real estate projects mitigates the risk to some extent.

Pending financial closure

The project (excluding land cost) shall be funded through a mix of debt and customer advances/proceeds from sales. Financial closure for the project has not yet been achieved, exposing it to financial risk. However, the company is in advanced stages of discussion to raise funds.

Inherent risk associated with cyclical nature of the real estate industry

The company is exposed to cyclical nature 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. In case of real estate companies, profitability highly depends on property markets. A high-interest rate scenario could further discourage consumers from borrowing to finance real estate purchases and might depress the real estate market. This could adversely impact cash flow, and hence, remains monitorable.

Liquidity: Adequate

There are no debt commitments in the near term as the project is at nascent stage and financial closure has yet to be achieved. Debt obligations are expected to be met through sale of residential property proposed on the land. Comfort is drawn from the company being part of the Aditya Birla Group, which aids to its financial flexibility. Proposed NCDs may be repaid from surplus funds, if available.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

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](#)

[Notching by factoring linkages of rating](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Realty	Realty	Residential, commercial projects

Incorporated on April 30, 2024, VPPL (U68100MH2024PTC424443) is a wholly owned subsidiary of BEPL, which is a wholly owned subsidiary of ABREL (formerly known as Century Textiles and Industries Limited). EPPL plans to develop a residential project in Pune.

Note: Being a project stage entity, financials are not available

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of 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 and Rating Outlook
Debentures-Non-Convertible Debentures		Yet to be placed	-	-	155.00	CARE BBB+; Stable

Annexure-2: Rating history for 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	Debentures-Non-Convertible Debentures	LT	155.00	CARE BBB+; Stable				

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non-Convertible Debentures	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here
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Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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Disclaimer:

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