

Envyrons Infrastructure Private Limited

March 05, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Bank Facilities	40.00	CARE B+; Stable; ISSUER NOT COOPERATING* (Single B Plus; Stable; ISSUER NOT COOPERATING*)	“Issuer not cooperating; Based on best available information”
Total Facilities	40.00 (Rs. forty crore only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Envyrons Infrastructure Private Limited (EIPL) to monitor the rating vide e-mail communications dated Feb 25, 2020, Feb 20, 2020, Nov 01, 2019 and numerous phone calls. 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 has reviewed the rating on the basis of the best available information which however, in CARE’s opinion is not sufficient to arrive at a fair rating. The rating on Envyrons Infrastructure Private Limited bank facilities will now be denoted as **CARE B+; Stable; 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.

The ratings take into account the execution and off-take risk in light of nascent stage of project development as well as inherent risk associated with the real estate industry. The rating however, derives strength from the experience of the promoters as well as in place status of all the project approvals.

Detailed description of the key rating drivers

At the time of last rating on March 06, 2019 the following were the rating strengths and weaknesses

Key Rating Weaknesses

High project execution risk with ongoing project at nascent stages of development

IRS Vaastu Homes, launched in October 2017, is in the nascent stages of development with only 8.82% of cost incurred as on October 31, 2018. Further, out of the incurred cost of Rs.11.83cr, Rs.9cr has been for land acquisition with the balance incurred for construction & approvals. Rs.9cr of the incurred cost has been funded by promoters while the balance has come from customer advances. Overall, the company remains exposed to execution risk and the completion of projects within envisaged cost and timelines remain a key rating sensitivity. Moreover, with major part of balance cost to be incurred, planned to be funded through debt & customer advances, the funding risk for the projects also continues to remain at high level.

Significant project off-take risk

The projects of EIPL are at nascent stage of operation and carry off-take risk. As the construction for phase-1 commenced in October 2017, till October 31, 2018 the company had booked 0.84 lsf out of total saleable area of 4.66 lsf, for Rs.33.19cr (@Rs.3966 per sq. ft) out of which Rs.2.83cr of customer advances have been received & incurred as project cost. Also, with the current demand slowdown in the real estate market especially in Delhi and NCR region, the ability of the company to sell the inventory as envisaged remains crucial for timely completion of this project.

Inherent risk associated with the real estate industry - Industry Risk

With the on-going economic conditions, the real estate industry is currently facing issues on many fronts, including subdued demand, curtailed funding options, rising costs, restricted supply due to delays in approvals, etc. thereby resulting in stress on cash flows of developers. The industry has seen low demand in the recent past, primarily due to factors like sustained high level of inflation leading to high interest rates and adverse impact on the buying power and affordability for the consumers.

Key Rating Strengths

Experience & long track record of promoters

The promoter/director of EIPL, Dr. Navrang Kumar has an overall experience of over 25 years in the real estate sector. He is an architect & civil engineer by qualification & also has a doctorate in real estate. He started as a real estate consultant in

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

1992 & acquired significant experience of real estate planning, designing, supervising and execution of the projects 1 Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications 2 CARE Ratings Limited Press Release with in-house technical team, having overseen development/designing of around 46 Isf of built up area in both residential as well as commercial segments. Other companies of the group, Reinfo-Tecs Eastates Private Limited & Reinfo Builders & Promoters Private Limited are also engaged in the business of real estate development. In the past, the group has completed two real estate projects; Rock Valley Apartments (1.40 Isf) & Rock Valley Residency (1.55 Isf), both located in Dehradun, Uttarakhand.

Project Approval Status

The company has received all the major approvals required for the execution of project including land title registration, building plan, floor plan, layout plan, height clearance and environmental clearance are in place for the project thus ensuring that the project does not run into any regulatory issues, which otherwise might have caused delays in meeting project timelines

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Rating methodology for Real estate sector](#)

[Financial ratios – Non-Financial Sector](#)

About the Company

Incorporated on July 21, 2011, Envyrons Infrastructure Pvt Ltd (EIPL) is a real estate developer based out of Delhi & is promoted by Dr. Navrang Kumar. EIPL is a part of Reinfotech Group. Other companies of the group, Reinfo-Tecs Eastates Private Limited & Reinfo Builders & Promoters Private Limited are also engaged in the business of real estate development. In the past, the group has completed two real estate projects; Rock Valley Apartments (1.40 Isf) & Rock Valley Residency (1.55 Isf), both located in Dehradun, Uttarakhand.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	0.46	0.03
PBILDT	0.16	0.01
PAT	0.07	0.00
Overall gearing (times)	0.30	009
Interest coverage (times)	2.77	4.06

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	40.00	CARE B+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

*Issuer did not cooperate; Based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	40.00	CARE B+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE B+; Stable (06-Mar-19)	1)CARE B+; Stable (20-Mar-18)	-

*Issuer did not cooperate; Based on best available information

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

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