

Envyrons Infrastructure Private Limited

March 06, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities	40.00	CARE B+; Stable (Single B Plus; Outlook: Stable)	Reaffirmed
Total Facilities	40.00 (Rs. Forty crore only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating assigned to the facilities of Envyrons Infrastructure Pvt Ltd factors in 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.

Going forward, the ability of the company to meet project timelines & cost estimates while achieving envisaged project sales would remain the key rating sensitivities.

Detailed description of the key rating drivers

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

The real estate sector is moving towards a more rational regime where developers, having learnt from their mistakes, now focus on project execution and delivery. 2019 is expected to gradually move towards better home sales and see a spurt in launches in some locations. The year will also see the sector moving from an investor-driven to an end-user driven cycle.

With the introduction of the RERA Act, the sector will move ahead to transparent and credible measures with sustenance for organized players. Moreover, the expected renewed interest by the banks in funding the developers is likely to result in the timely completion of the projects.

As per market sentiments the India Real Estate Market may not witness a sharp reversal in FY19 but in long term the growth prospects remain strong as the sector continues to remain troubled with issues of high unsold inventory, delayed delivery of projects and financial stress on developers. The only segment that showed some signs of a rebound was the affordable housing category in the peripheries of the major markets. Thus, the broader market opinion is that while the long term story for residential market remains strong; the short term is expected to be sluggish.

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 1992 & acquired significant experience of real estate planning, designing, supervising and execution of the projects

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

with in-house technical team, having overseen development/designing of around 46 lsf 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 lsf) & Rock Valley Residency (1.55 lsf), 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

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

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

[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 lsf) & Rock Valley Residency (1.55 lsf), 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	0.09
Interest coverage (PBILDT/Interest)	2.77	4.06

A: Audited

Liquidity Analysis:

The liquidity position of EIPL remains constrained on account of low sales momentum. Also, as on 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. However considering that the company is yet to achieve the financial closure of debt required for the project, there are no debt repayment in the short term.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

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.

Analyst Contact:

Name: Mr. Amit Jindal

Tel: +91-45333242

Mobile: +91-9873003949

Email: amit.jindal@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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	-	-	December 2023	40.00	CARE B+; Stable

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 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Term Loan	LT	40.00	CARE B+; Stable	-	1)CARE B+; Stable (20-Mar-18)	-	-

CONTACT**Head Office Mumbai**

Ms. Meenal Sikchi
 Cell: + 91 98190 09839
 E-mail: meenal.sikchi@careratings.com

Ms. Rashmi Narvankar
 Cell: + 91 99675 70636
 E-mail: rashmi.narvankar@careratings.com

Mr. Ankur Sachdeva
 Cell: + 91 98196 98985
 E-mail: ankur.sachdeva@careratings.com

Mr. Saikat Roy
 Cell: + 91 98209 98779
 E-mail: saikat.roy@careratings.com

CARE Ratings Limited

(Formerly known as Credit Analysis & Research Ltd.)

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com**AHMEDABAD**

Mr. Deepak Prajapati
 32, Titanium, Prahaladnagar Corporate Road,
 Satellite, Ahmedabad - 380 015
 Cell: +91-9099028864
 Tel: +91-79-4026 5656
 E-mail: deepak.prajapati@careratings.com

BENGALURU

Mr. V Pradeep Kumar
 Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
 No. 30, M.G. Road, Bangalore - 560 001.
 Cell: +91 98407 54521
 Tel: +91-80-4115 0445, 4165 4529
 Email: pradeep.kumar@careratings.com

CHANDIGARH

Mr. Anand Jha
 SCF No. 54-55,
 First Floor, Phase 11,
 Sector 65, Mohali - 160062
 Chandigarh
 Cell: +91 85111-53511/99251-42264
 Tel: +91- 0172-490-4000/01
 Email: anand.jha@careratings.com

CHENNAI

Mr. V Pradeep Kumar
 Unit No. O-509/C, Spencer Plaza, 5th Floor,
 No. 769, Anna Salai, Chennai - 600 002.
 Cell: +91 98407 54521
 Tel: +91-44-2849 7812 / 0811
 Email: pradeep.kumar@careratings.com

COIMBATORE

Mr. V Pradeep Kumar
 T-3, 3rd Floor, Manchester Square
 Puliakulam Road, Coimbatore - 641 037.
 Tel: +91-422-4332399 / 4502399
 Email: pradeep.kumar@careratings.com

HYDERABAD

Mr. Ramesh Bob
 401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
 Hyderabad - 500 029.
 Cell : + 91 90520 00521
 Tel: +91-40-4010 2030
 E-mail: ramesh.bob@careratings.com

JAIPUR

Mr. Nikhil Soni
 304, Pashupati Akshat Heights, Plot No. D-91,
 Madho Singh Road, Near Collectorate Circle,
 Bani Park, Jaipur - 302 016.
 Cell: +91 – 95490 33222
 Tel: +91-141-402 0213 / 14
 E-mail: nikhil.soni@careratings.com

KOLKATA

Ms. Priti Agarwal
 3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
 10A, Shakespeare Sarani, Kolkata - 700 071.
 Cell: +91-98319 67110
 Tel: +91-33- 4018 1600
 E-mail: priti.agarwal@careratings.com

NEW DELHI

Ms. Swati Agrawal
 13th Floor, E-1 Block, Videocon Tower,
 Jhandewalan Extension, New Delhi - 110 055.
 Cell: +91-98117 45677
 Tel: +91-11-4533 3200
 E-mail: swati.agrawal@careratings.com

PUNE

Mr. Pratim Banerjee
 9th Floor, Pride Kumar Senate,
 Plot No. 970, Bhamburda, Senapati Bapat Road,
 Shivaji Nagar, Pune - 411 015.
 Cell: +91-98361 07331
 Tel: +91-20- 4000 9000
 E-mail: pratim.banerjee@careratings.com

CIN - L67190MH1993PLC071691