

SEPTEMBER 15, 2015

CARE ASSIGNS 'CARE BB-' RATING TO THE PROPOSED NCD ISSUE OF REAL VALUE VENTURES PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Proposed Non-Convertible Debenture issue	140	CARE BB- (Double B Minus)	Assigned
Total Facilities	140 (Rupees One Hundred and Forty crore only)		

Rating Rationale

The rating assigned to the proposed Non-Convertible Debenture (NCD) issue of Real Value Ventures Private Limited (RVV) is constrained by the nascent & pre-approval stage of the real estate residential project of the company, implementation risk associated with the project, high dependence on customer advances for execution and saleability risk for the units. The rating also factors in the inherent cyclicity associated with the real estate industry and intense competition in the segment. The rating, however, draws strength from the experience of the promoters, favourable location of the project and the group's established track record in the real estate sector.

Going forward, timely commencement of the project with receipt of requisite approvals, execution of the project within the estimated timelines & costs and saleability of the units would be the key rating sensitivities.

Background

RVV is a special purpose vehicle (SPV) formed by the Real Value Promoters (RV) group, to develop a real estate residential project at Pallavaram, Chennai. The RV group has more than 20 years' experience in developing apartments, villas and commercial complexes across Chennai. The group till date has developed & sold over 30 residential and 3 commercial projects aggregating to a total area of 20 lakh square feet (lsf). The proposed project of RVV is expected to come up in two phases on an area of 36 acres with a mix of 1 BHK, 2 BHK, 3 BHK and 3.5 BHK flats. Out of the total area of 36 acres, major portion of the land is owned by the flagship company of the group - Real Value Promoters Private Ltd (RVP). The project is in pre-approval stage and the company expects to start construction & launch sales on receipt of requisite approvals. The total cost of the first phase of the project is estimated at Rs.575 crore is to be funded by a mix of customer advances (63%), debt (24%) and funds from promoters (13%).

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

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating 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.

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