

SEPTEMBER 23, 2016

CARE REAFFIRMS RATING ASSIGNED TO THE LT BANK FACILITIES AND ASSIGNS 'CARE A4' RATING TO THE ST BANK FACILITIES OF VIPUL LTD

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	432.00 (Enhanced from Rs. 300 cr)	CARE BB (Double B)	Reaffirmed
Short-term Bank Facilities	18.00	CARE A4 (A Four)	Assigned
Total facilities	450.00 (Rupees Four Hundred and fifty cr only)		

Rating Rationale

The ratings assigned to the bank facilities of Vipul Ltd continue to be constrained due to the project execution and off-take risk, moderation in financial risk profile in FY16 coupled with deterioration in debt-coverage indicators and risk associated with subdued demand scenario in the real estate industry.

Nevertheless, the ratings continue to derive strength from experienced management having established track record in National Capital Region (NCR), approvals in place for ongoing projects and geographical presence across various locations. Going forward, timely execution and realization from the ongoing projects especially 'Vipul Aarohan' will be the key rating sensitivity.

Background

Initially incorporated in 1991, as Analysis Finance Ltd, and later, amalgamated with Vipul Infrastructure Developers Pvt Ltd in 2003, Vipul Limited (VL) got its present name in 2006. VL is involved in real estate development with a strong presence in North India. The company focuses on real estate development – Residential, Commercial, Integrated Townships, Retail, Hotels & SEZ. The company has developed and delivered 6.69 mn sq. ft. (Approx) of residential space and 1.93 mn sq. ft. of commercial and retail space (till Mar 31, 2016). Presently, the company has 7 ongoing projects spread across Gurgaon, Faridabad, Bhubaneshwar and Ludhiana with total saleable area of 66.20 lsf.

VL reported total income of Rs.236 cr in FY15 (from April 01 to March 31) with net loss of Rs.11 cr. Further, in FY16, the company reported total income of Rs.196 cr with net loss of Rs.10 cr.

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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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