

Rating Rationale

Brickwork Ratings assigns ‘BWR BB+’ for long-term & ‘BWR A4+’ for short term bank loan facilities aggregating to ₹ 40.00 Cr of Sheltrex Developers Private Limited.

Brickwork Ratings assigns BWR BB+ (Outlook:Stable) for long-term & BWR A4+ for short term bank loan facilities aggregating to ₹ 40.00 Cr of Sheltrex Developers Private Limited (SDPL) or “the Company”.

Facility*	Limits (₹ Cr)	Tenure	Ratings ¹
Fund Based: Cash Credit (CC) Term Loan (TL)	12.50 10.00	Long Term	BWR BB+ (Pronounced BWR Double B Plus) (Outlook – Stable)
Non- Fund Based Letter of Credit (LC)	17.50	Short Term	BWR A4+ (Pronounced BWR A Four Plus)
Total	40.00	(INR Forty Crore only)	

BWR has principally relied upon the audited financial results from FY13 till FY15, provisional financials of FY16 and projections till FY 22 and information/clarification provided by the management.

The rating has factored, inter alia, experience of the promoters in the real estate industry, existing land bank, location of the projects, healthy booking status of the ongoing projects and promoter’s ability to infuse funds as per requirement. However the rating is constrained by nascent stage of the project, project execution risk, high reliance on customer advances for funding the project and high degree of competition from other real estate players in the market. The rating has taken into account standard terms and conditions which banks stipulate for such credit facilities, including but not limited to, promoters’ contribution, disbursement based on cash-budgets, securities etc.

Company Background and Operations

Sheltrex Developers Private Limited (SDPL) was incorporated in 2014. SDPL is a part of Brick Eagle, a privately owned equity fund headquartered in Hong Kong.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

SDPL was established to execute real estate projects held by the group and to provide EPC services to its group companies.

Profile of the Project:

The Company is constructing affordable residential projects at Karjat (Maharashtra) and Orgadam (Tamil Nadu). SDPL is engaged as EPC contractor for its Karjat project which is spread across 100 acre land parcel with saleable area of 3.6 million square feet. SDPL has an access to 25 acres of land at Oragadam, Chennai. Currently it is developing 5 acres of the said land parcel. The saleable area of the project is 0.3 million square feet which is owned and developed by the company.

Financial Performance

As on June 2016, the promoters have brought in funds worth Rs. 30.00 Cr by way of compulsorily convertible debentures. The money has been used for purchase of land, infrastructure development, and other project approval related expenses.

Outlook

The outlook is stable. Going forward, the company's ability to execute the project on time and within estimated cost, ensure bookings/ sale of flats at envisaged margins and sustain its capital structure are other key rating sensitivities.

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