

**SILVER WINGS LIFESPACES**

**Brickwork Ratings reaffirms the long term rating for the Bank Loan Facilities of ₹ 41.30 Crores of Silver Wings Lifespaces**

**Particulars:**

Facility**	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (June, 2019)	Present
<b>Fund Based</b>	<b>41.30</b>	<b>41.30</b>	<b>Long Term</b>	<b>BWR BB Stable (Assigned)</b>	<b>BWR BB Stable (Reaffirmation)</b>
<b>Total</b>	<b>41.30</b>	<b>41.30</b>	<b>INR Forty One Crores and Thirty Lakhs only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

\*\* Details of Bank facilities is provided in Annexure-I

**RATING ACTION / OUTLOOK : Stable**

BWR has reaffirmed the long term rating at “BWR BB” with “Stable” outlook for the bank loan facilities of Silver Wings Lifespaces (SWL). The rating draws strength from the experienced partners of the firm. However, the rating is constrained on account of project completion risk, their inherent risks associated with Real Estate projects and concentration risk.

The rating outlook has been assigned as "Stable" as BWR believes that SWL business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case there is improvement in revenues and gearing levels. The rating outlook may be revised to 'Negative' if there is any deterioration in financial risk profile or liquidity issues.

## KEY RATING DRIVERS

### Credit Strengths:

- **Experienced Promoters:** Rajat Developers Ltd and Dr.Rajat Arora are the partners in the firm. with 95 : 5 share in profits. Dr. Rajat Arora is the co-founder and Managing Director of Rajat City Group. Rajat City Developers Ltd (RCDL) is engaged in developed real estate (residential, commercial and industrial) In Kota. Dr. Rajat Arora is the Chairman of RDL.

### Credit Challenges

- **Project completion risk:** As of May, 2020 the construction work is ~78% completed and sales of ~60% booked. Thus the project completion risk is minimal for project 'Platina' and the project is expected to be delivered by March, 2021. Partial lockdown and non availability of labour may pose a challenge to deliver the project on expected timelines.
- **Other inherent risks associated with Real Estate projects:** Real Estate is highly regulated and completion of the project depends upon a number of internal and external factors amongst which the most common are cost and time overruns and customer defaults, as the project is highly dependent on customer advances for its project funding. Further, demand for commercial / housing units in the post covid period may remain subdued.
- **Concentration risk:** All the projects of the partners and related parties are located in and around Kota, Rajasthan. This poses a significant risk since there is no geographical diversification in the projects.

## ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

For arriving at its ratings, BWR has considered the standalone performance . BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale).



## **RATING SENSITIVITIES**

Going forward, the ability of the firm to improve its financial risk profile and maintaining adequate liquidity will remain the key rating sensitivities.

Positive: The rating may be upgraded if the company inter alia, is able to improve its topline, improve its gearing, debt protection metrics or on account of any other favourable factor.

Negative: The rating may be downgraded if inter alia, there is any deterioration in financial risk profile, fails to maintain adequate liquidity or on account of any unforeseen unfavourable events.

## **LIQUIDITY POSITION : STRETCHED**

The firm has no liquid investments, and cash balances in FY19 (Audited) is Rs. 0.02 crs. The company is not availing long term facility of Cash Credit. Conversion Cycle is at 467 days in FY19 (Audited). There are Long Term Borrowings in FY 19 (Audited) which includes secured Term loan of Rs 41.30 crs and unsecured loans from related parties of Rs 28.12 crs (these loans are interest free and have no fixed repayment obligations). The entity is facing “Negative” cash flows in Q3 & Q4 of FY 21 of Rs 0.847 crs and Rs 4.19 crs respectively as per the cash flow statement submitted. The company has a DSCR of 0.99x & ISCR of 1.15x in FY19 (Audited). Current ratio of the company stands at 3.54x in FY19 (Audited).

## **ANY GROUP CONCERNS**

There is a associate entity namely, Rajat City Developers Pvt Ltd, there are no operational linkage between the 2 entities

## **COMPANY PROFILE**

Silver Wings Lifespaces (SPV for the Project Platina), a partnership between Rajat Developers Ltd and Dr.Rajat Arora, co-founder and Managing Director of Rajat City Group. Project Platina has a total built-up area of 3,76,641 square feet. The total saleable area of the project is 3,80,511 square feet (Residential-2,85,127 sq. ft. and Commercial-95,384 sq. ft.) It has 5 towers, having Basement, Lower Ground Floor, 11 Floors Project. It consists of a total of 511 units (243 units are Commercial and 268 units are residential). Initially the project was set for completion in March, 2020 but the date was postponed to March, 2021, all the necessary RERA approvals for the extension are in place. As of May, 2020 ~78% of the construction work stands completed and 351 units sold (157 residential and 194 commercial). The total cost of the project is estimated to be Rs 128.957 crs.

**KEY FINANCIAL INDICATORS (in ₹ Cr)**

Key Parameters	Units	FY 2019	FY 2018
Result Type		Audited	Audited
Operating Income	₹ Cr	30.99	0.00
EBITDA	₹ Cr	4.47	4.46
PAT	₹ Cr	0.40	0.00
Tangible Net Worth	₹ Cr	17.89	12.99
Total Debt/TNW	Times	3.13	4.45
Current Ratio	Time	3.54	3.94

**KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: NA**

**NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY : Nil**

**RATING HISTORY FOR THE PAST THREE YEARS [including withdrawal and suspended]**

Facilities	Current Rating			Rating History		
	Tenure (Long Term/ Short Term)	Amount (₹ Cr)	Rating	2019	2018	2017
<b>Fund Based</b>	<b>Long Term</b>	41.30	<b>BWR BB Stable (Reaffirmed)</b>	<b>BWR BB Stable [Assigned]</b>	<b>NA</b>	<b>NA</b>
Total		<b>41.30</b>	<b>INR Forty One Crores and Thirty Lakhs only</b>			

## COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

### Hyperlink/Reference to applicable Criteria

- General Criteria
- Approach to Financial Ratios
- Services Sector

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### Silver Wings Lifespaces - ANNEXURE I Details of Bank Facilities rated by BWR

Name of the Bank	Type of Facilities	Long Term (₹ Cr)	Short Term (₹ Cr)	Total (₹ Cr)
PNB	Term Loan	22.94	-	22.94
IDBI		18.36	-	18.36
TOTAL				41.30

Rs.Forty One Crores and Thirty Lakhs Only

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