

No. CARE/HO/RL/2024-25/1454
Ms. Radhika Bhakuni
Chief Financial Officer
Crest Ventures Limited
111, Maker Chambers IV, 11th Floor,
Nariman Point
Mumbai
Maharashtra 400021



June 06, 2024

Confidential

Dear Madam,

Credit rating for proposed Non-Convertible Debenture issue

Please refer to your request for rating of proposed long-term Non-convertible Debenture (NCD) issue aggregating to Rs.100 crore of your Company.

2. The following ratings have been assigned by our Rating Committee:

Sr. No.	Instrument	Amount (₹ crore)	Rating ¹	Rating Action
1.	Non Convertible Debentures	100.00	CARE BBB; Stable (Triple B; Outlook: Stable)	Assigned

3. Please arrange to get the rating revalidated, in case the proposed issue is not made within a period of six months from the date of our initial communication of rating to you (June 06,2024).

4. In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.

5. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors
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6. Kindly arrange to submit to us a copy of each of the documents pertaining to the NCD issue, including the offer document and the trust deed.

¹Complete definitions of the ratings assigned are available at www.careedge.in and in other CARE Ratings Ltd.'s publications.

CARE Ratings Limited

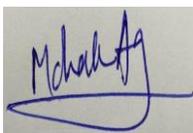
4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai
Phone: +91-22-6754 3456 • www.careedge.in

CIN-L67190MH1993PLC071691

7. The rationale for the rating will be communicated to you separately.
8. CARE Ratings Ltd. reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
9. CARE Ratings Ltd. reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE Ratings Ltd. warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE Ratings Ltd. so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE Ratings Ltd. shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE Ratings Ltd. shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
10. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
11. Users of this rating may kindly refer our website www.careedge.in for latest update on the outstanding rating.
12. Our ratings are **not** recommendations to buy, sell or hold any securities.
13. If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE Ratings Ltd.

Thanking you,

Yours faithfully,



Mohak Agarwal
Lead Analyst
mohak.agarwal@careedge.in



Akansha Manohar Jain
Lead Analyst
akansha.jain@careedge.in

Encl.: As above

CARE Ratings Limited

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai
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Disclaimer

The ratings issued by CARE Ratings Limited are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings Limited has based its ratings/outlooks based on information obtained from reliable and credible sources. CARE Ratings Limited does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings Limited have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings Limited or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE Ratings Limited is, inter-alia, based on the capital deployed by the partners/proprietor and the current financial strength of the firm. The rating/outlook may undergo a 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. CARE Ratings Limited is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE Ratings Limited's rating. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.



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Crest Ventures Limited
June 07,2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Issuer rating Issuer Rating	0.00	CARE BBB; Stable	Reaffirmed
Non-Convertible Debentures	100.00	CARE BBB; Stable	Assigned
Non-Convertible Debentures	100.00	CARE BBB; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The issuer rating and rating assigned to long-term instruments of Crest Ventures Ltd (CVL) factor in the adequate capitalisation levels and moderate financial performance during FY24 supported by stake sale in one of the investments i.e. Classic Mall Development Company Limited (CMDCL) in May 2022. The stake sale in CMDCL resulted in significant increase in the net worth base of the company. The rating continues to factor in the company’s long track record of operations, experience of promoters and the management team and adequate liquidity profile.

The rating remains constrained by CVL’s sizeable presence in the real estate segment through investments and lending which exposes it to the inherent sector risk, high proportion of unsecured lending largely through Inter Corporate Deposits (ICD) which are majorly to group companies, volatility of income from its investment book and moderate resource profile with high reliance on ICD which are unsecured and have relatively shorter tenure.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained improvement in profitability with ROTA of 1.50% on standalone basis
- Improvement in constitution of loan book with significant diversification towards non-real estate segment
- Diversification of resources profile with reduced reliance on short term ICD

Negative factors

- Deterioration in profitability and income profile
- Delays in construction or sale of real estate project in portfolio impacting liquidity of the company
- Deterioration in liquidity from investments in real estate and other investments
- Deterioration in asset quality of investment and lending portfolio with Gross NPA ratio of 1.50%
- Increase in overall adjusted gearing (adjusted for group companies ICDs and investments) above 0.35x

Analytical approach: CARE Ratings Ltd (CARE Ratings) has analysed the financial risk profile of Crest Ventures Limited on a Standalone basis and has factored in the exposure and revenue from its investee companies/ventures.

Outlook: Stable

The stable outlook considers maintaining adequate business and financial parameters of CVL in the medium term supported by improved capitalisation levels, low gearing levels, long track record of operations, experience of promoters and adequate liquidity.

Detailed description of the key rating drivers:

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.’s publications

Key strengths

Long track record of operations and experience of promoters and management team

CVL was incorporated in 1982 as "Sharyans Resources Limited". The company made an Initial Public Offer (IPO) in 1983 on the Calcutta Stock Exchange. It was registered with RBI as a non-banking financial company (NBFC) in 2007 post which its name was changed to 'Crest Ventures Limited' in 2014. The company provides loans and invests mainly in real estate projects and financial services sector. The company also has certain real estate projects on its balance sheet under own book and has demonstrated exits from such projects on completion. The Crest group has delivered projects of over 10 million sq. ft. across India and has developed real estate projects through tie-ups with companies/groups such as Kalpataru and the Phoenix Mills Limited.

CVL is headed by a team having good experience in the real estate and financial services sector. CVL's management is headed by Vijay Choraria, Promoter and Managing Director, who has over 25 years of experience in the real estate and financial sector.

Improvement in capitalisation levels post sale of investments and low gearing levels

The company's capitalisation levels stand adequate with total capital adequacy ratio (CAR) improving at 86.54% and Tier I CAR 84.60% at as on March 31, 2024, as compared to total CAR of 85.50% and Tier I CAR of 84.14% as on March 31, 2023. CVL is sufficiently capitalised with significant capital cushion over the minimum regulatory requirement. The adjusted overall gearing (adjusted for group company ICDs and investments) of the company stood at 0.27x as on March 31, 2024, as compared to 0.25x as on March 31, 2023.

Investments in group companies and lending through ICDs

CVL is a Systemically Important Non-Deposit Taking NBFC (NBFC-ND-SI) registered with RBI as an investment and credit company (ICC). Being an ICC, the company has invested in the sectors such as real estate and financial services either through special purpose vehicles (SPV) or through joint venture partnerships. The company also provides loans and advances, largely towards group companies for real estate projects.

As on March 31, 2024, the company had investments of ₹297 crore (March 31, 2023: ₹253 crore) and loans and advances of ₹501 crore (March 31, 2023: ₹368 crore).

Of the investment book, around 57% comprises exposure towards group companies in the form of equity and convertible debentures alongwith joint venture and limited liability partnerships, around 34% comprises investment in equity shares and portfolio management services, 0.25% comprises investment in mutual funds and around 9% comprises investment in Alternative Investment Fund (AIF) as on March 31, 2024. The company's investment in Kara Property Ventures LLP, which is through partner's current account, has been making losses as the projects in its JV exposures have seen slowdown in sales leading to CVL bearing losses over the last few years. However, in FY24 (period from April 01 to March 31), loss from this investment has reduced to ₹5 crore as against ₹21 crore for FY23.

The loans are extended as ICDs. Of the said ICD book, around 41% of the ICDs are towards group companies and 59% is towards non-group companies as on March 31, 2024. ICDs which are extended to non-group companies are usually given to entities known to the promoters. ICDs are generally for contractual maturities of up to one year with option to call back with a notice of up to seven days and the interest ranges between 12% to 15%.

Moderate profitability, expected to improve with growth in portfolio

CVL's major sources of income are interest income from lending book largely from ICDs, deposits and other such investments, profit from sale of investments and revenue generated from sale of real estate properties.

During FY24, the company reported profit after tax (PAT) of ₹49.7 crore on total income of ₹139.9 crore as compared to PAT of ₹594.8 crore on total income of ₹815.9 crore during FY23. The substantial rise in the profit reported during FY23 was mainly from stake sale in its associate company, CMDCL in May 2022. The company alongwith its wholly owned subsidiary, Escorts Developers Pvt Ltd, sold entire stake of 50% in Classic Mall Development Company Ltd for an aggregate consideration of ₹936 crore resulting in realized profits of ₹747.6 crore on standalone basis and ₹547 crore on consolidated basis.

The company increased its ICD (most of which is unsecured) lending significantly from the proceeds of stake sale and reduced its borrowings from ICDs in FY24, which resulted in increased net interest income. The loss on share from limited liability partnership reduced in FY24.

On consolidated basis, CVL reported PAT of ₹62.1 crore on total income of ₹184.0 crore in FY24 as compared to PAT of ₹395.9 crore on total income of ₹650.8 crore in FY23.

Going forward, as the company grows the ICD book, sustaining profitability with stable credit costs and improving the operating efficiency, would be a key rating monitorable.

Key weaknesses

Moderate resource profile

The company's borrowing profile comprises non-convertible debentures (NCD) and loans from banks & financial institutions. The company has raised the NCD during FY23, diversifying resource base which was earlier concentrated with only two lenders. CVL also resorts to short-term borrowings through unsecured ICDs from corporates and related parties for onward lending regularly.

Volatility of income considering investment nature of business

The income profile of the company primarily comprises management fees, interest income on its lending activities and income from real estate and related activities which is subject to market vulnerabilities. Being an investment company, stability of CVL's income is dependent on performance of its subsidiaries and favourable market opportunities to liquidate investments.

Industry risk owing to high exposure to real estate segment

CVL has exposure to real estate projects in its own book as well as majority of its investments (through equity and ICDs) are in the real estate sector which has direct linkage with the general macroeconomic scenario, interest rates and level of disposable income available with individuals. In case of real estate companies, liquidity is highly dependent on the property markets and not have stable revenue generation and therefore there is risk of non-repayment of the ICDs. Although, the company has a good track record of maintaining asset quality as they only lend to those who are known to the promoter group and have had past relationship with CVL, there is a risk as these companies are small, unrated and have limited source of financing. A high interest rate scenario could further discourage consumers from borrowing to finance real estate purchases and might depress the real estate market.

Liquidity: Adequate

The liquidity profile of the company stands adequate. As on March 31,2024, the company's ALM had positive cumulative mismatches in all time buckets. The company has debt obligation of ₹99.15 crore for the next one year against which the company has inflow from the ICDs book of ₹408.41 crore for next year as on March 31,2024. The short-term nature of the ICDs provides comfort on the liquidity. The company also enjoys liquidity to the tune of ₹63 crore from bank balance and liquid investments to take care of further liquidity issues as on June 05,2024.

Applicable criteria

[Definition of Default](#)

[Investment Holding Companies](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non-financial Sector](#)

[Issuer Rating](#)

[Non-Banking Financial Companies](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Financial Services	Financial Services	Finance	Investment Company

CVL was incorporated in 1982 as "Sharyans Resources Limited". The company made an Initial Public Offer (IPO) in 1983 on the Calcutta Stock Exchange. It shifted its registered office from Kolkata to Mumbai in 1996 and registered itself with the RBI as an NBFC in 2007, post which it was changed to 'Crest Ventures Limited' in 2014. CVL is registered with the RBI as Non-deposit taking

Middle Layer Non-Banking Financial Company (NBFC) and is classified as an 'Investment and Credit Company'. CVL is listed on the BSE and NSE, with 31% public holding and 69% stake held by the promoter and promoter group companies. The company is a holding-cum-operating company under three verticals (i) Real Estate, (ii) Financial Services and (iii) Investments and Credit and is involved in real estate development and investment.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (A)
Total income	29.59	815.91	139.91
PAT	-28.79	594.81	49.66
Total Assets*	541.15	1047.32	1184.08
Net NPA (%)	Nil	Nil	Nil
ROTA (%)	-ve	74.89	4.45

A: Audited; Note: 'the above results are latest financial results available'

*Total assets are adjusted for intangibles and deferred tax assets

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

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

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Debentures-Non-Convertible Debentures	INE559D08016	17-03-2023	12	17-06-2024	100.00	CARE BBB; Stable
Debentures-Non-Convertible Debentures (Proposed)	-	-	-	-	100.00	CARE BBB; Stable
Issuer Rating-Issuer Ratings	-	-	-	-	0.00	CARE BBB; Stable

Annexure-2: Rating history for the last three years

Sr. No.	Current Ratings	Rating History
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	Name of the Instrument/Bank Facilities	Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Issuer Rating-Issuer Ratings	LT	0.00	CARE BBB; Stable	-	1)CARE BBB; Stable (20-Feb-24)	1)CARE BBB; Stable (21-Feb-23) 2)CARE BB+; Stable (26-Dec-22)	1)CARE BB+ (Is); Stable (22-Nov-21) 2)CARE BBB- (Is); Negative (08-Apr-21)
2	Debentures-Non Convertible Debentures	LT	100.00	CARE BBB; Stable	-	1)CARE BBB; Stable (20-Feb-24)	1)CARE BBB; Stable (21-Feb-23)	-
3	Debentures-Non Convertible Debentures	LT	100.00	CARE BBB; Stable	-	-	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities : Not applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non-Convertible Debentures	Simple
2	Issuer Rating-Issuer Ratings	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

Media Contact	Analytical Contacts
Mradul Mishra	Vineet Jain

<p>Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Pradeep Kumar V Senior Director CARE Ratings Limited Phone: +91-44-2850 1001 E-mail: pradeep.kumar@careedge.in</p>	<p>Senior Director CARE Ratings Limited Phone: +91-22-6754 3623 E-mail: vineet.jain@careedge.in</p> <p>Akansha Manohar Jain Assistant Director CARE Ratings Limited Phone: +91-22-6754 3491 E-mail: akansha.jain@careedge.in</p> <p>Shubham Deokar Rating Analyst CARE Ratings Limited E-mail: Shubham.Deokar@careedge.in</p>
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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

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