CREST
VENTURES

Ref: CVL/SE/2023-2024 **21st February, 2024**

To, **BSE Limited** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.	**To,** **National Stock Exchange of India Limited** Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051.
Scrip Code: 511413 & 974675 (Debt) **ISIN: INE559D01011 & INE559D08016 (Debt)**	**Symbol: CREST** **Series: EQ**

Dear Sir/Madam,

SUB: INTIMATION REGARDING RE-AFFIRMATION OF CREDIT RATING OF CREST VENTURES LIMITED ("THE COMPANY") BY CARE RATINGS LIMITED

Pursuant to Regulation 30, 51, and any other applicable Regulation read with Part A and Part B of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), we wish to inform you that Care Ratings Limited have, vide their communication dated February 21, 2024 have reaffirmed the Issuer Rating and Credit Rating of Non-Convertible Debentures issued by the Company as mentioned in the table below:

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

The Credit Rating letter issued by Care Ratings Limited is enclosed herewith and the same are also being uploaded on the Company's website (www.crest.co.in) as required under Regulation 46 and 62 of the SEBI Listing Regulations.

Kindly take the same on your records.

Yours faithfully,
For **Crest Ventures Limited**

NAMITA BAPNA
Digitally signed by NAMITA BAPNA
Date: 2024.02.21 15:07:24 +05'30'

Namita Bapna
Company Secretary

CC:
Mitcon Credentia Trusteeship Services Limited
Registered Address: 1 Floor Kubera Chamhers, Shivajinagar, Pune 411005, Maharashtra, India
Corporate Address: 1402 & 1403, 14th Floor, B-Wing, Dalamal Tower, Free Press Journal Marg, 211, Nariman Point, Mumbai, Maharashtra 400 021

Encl: a/a

Crest Ventures Limited

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Issuer rating	0.00	CARE BBB; Stable	Reaffirmed
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 instrument of Crest Ventures Ltd (CVL) factors in the improvement in capitalisation levels and financial performance during FY23 led 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), 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 2%
- Increase in overall gearing above 0.30x

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.

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

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CIN-L67190MH1993PLC071691

Detailed description of the key rating drivers:

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 85.50% and Tier I CAR at 84.14% as on March 31,2023 as compared to total CAR of 13.96% and Tier I CAR of 11.71% as on March 31, 2022, on account of liquidation of entire stake in its associate company, CMDCL in May 2022, leading to net worth accretion, which has led to improvement in the gearing of the company to 0.17x as on March 31, 2023 (March 31, 2022: 0.87x). CVL is sufficiently capitalised with significant capital cushion over the minimum regulatory requirement. CARE Ratings expects CVL to maintain leverage of under 0.30x in the near term.

The group's consolidated net worth stood at ₹974 crore (March 31, 2022: ₹585 crore) and consolidated debt of ₹173 crore (March 31, 2022: ₹246 crore) with overall gearing at 0.18x (March 31, 2022: 0.42x) 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 September 30, 2023, the company had investments of ₹261 crore (March 31, 2023: ₹253 crore) and loans and advances of ₹457 crore (March 31, 2023: ₹368 crore).

Of the investment book, around 51% comprises exposure towards group companies in the form of equity and convertible debentures alongwith joint venture and limited liability partnerships, around 37% comprises investment in equity shares and portfolio management services, 7% comprises investment in mutual funds and around 5% comprises investment in Alternative Investment Fund (AIF) as on September 30, 2023. 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 9MFY24 (9M refers to April 01 to December 31), loss from this investment has reduced to ₹3 crore as against ₹19.7 crore for 9MFY23.

The loans are extended as ICDs. Of the said ICD book, around 60% of the ICDs are towards group companies and 40% is towards non-group companies as on September 30,2023. 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 FY23, the company reported profit after tax (PAT) of ₹594.8 crore on total income of ₹ 815.9 crore as compared to loss of ₹28.8 crore on total income of ₹29.9 crore. The substantial rise in the profit reported during FY23 was mainly from stake sale

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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 FY23, which resulted in increased net interest income and allowing it to breakeven excluding the impact of profits due to stake sale**.** The loss on share from limited liability partnership reduced in FY23 and 9MFY24. In 9MFY24, it reported a PAT of ₹45.2 crore.

On consolidated basis, CVL reported PAT of ₹395.9 crore on total income of ₹650.8 crore in FY23 as compared to PAT of ₹12.1 crore on total income of ₹56.92 crore in FY22. In 9MFY24, it reported PAT of ₹50.3 crore.

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 September 30,2023, the company's ALM had positive cumulative mismatches in all time buckets. The company has debt obligation of ₹141 crore for the next one year against which the company has inflow from the ICDs book of ₹458 crore for next year as on September 30, 2023. The short-term nature of the ICDs provides comfort on the liquidity. The company also enjoys liquidity to the tune of ₹52 crore from bank balance and liquid investments to take care of further liquidity issues as on September 30,2023.

Applicable criteria

Policy on default recognition
Financial Ratios - Financial Sector
Investment Holding Companies
Issuer Rating
Rating Outlook and Credit Watch
Non-Banking Financial Companies

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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 Systemically Important 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)	9MFY24 (UA)
Total income	29.86	815.91	115.45
PAT	-28.79	594.81	45.23
Total Assets	541.15	1047.32	NA
Net NPA (%)	Nil	Nil	Nil
ROTA (%)	-ve	74.89	NA

A: Audited UA: Unaudited; NA: Not applicable; Note: 'the above results are latest financial results available'

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

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Issuer Rating-Issuer Ratings	-	-	-	-	0.00	CARE BBB; Stable

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	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	Date(s) and Rating(s) assigned in 2020-2021
1	Issuer Rating-Issuer Ratings	Issuer rat	0.00	CARE BBB; Stable	-	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 (21-Feb-23)	-	-

*Long 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

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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

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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.

For the detailed Rationale Report and subscription information, please visit www.careedge.in

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