

ICON Properties: Upgraded

Facility	Amount (Rs Crore)	Rating/Outlook
Term Loan	8.25	SMERA B+/Stable (Upgraded from SMERA B/Stable)

SMERA has upgraded the rating on the abovementioned bank facility of ICON Properties (IP) to '**SMERA B+**' (read as **SMERA B plus**) from '**SMERA B**' (read as **SMERA B**). The outlook is '**Stable**'.

The rating upgrade factors in the advance level of project completion and infusion of funds from promoters in FY2015-16. The rating continues to be supported by the extensive experience of the management. However, the rating is constrained by project specific risk (off take risk), low level of advances and intense competition from other projects in the vicinity.

IP, incorporated in 2014, is a Pune-based real estate firm promoted by Mr. Arun Sane, Mr. Parag Sane, Mr. Parag Tepan and others who possess around three decades of experience. The firm is currently developing two residential apartments name, Chaitanyapuri Cooperative Housing Society, Chaitanyapuri and Ashwinikunj Guruharachana Sanstha Maryadit, Ashwinkunj, Pune. Around 67 per cent of the work on the project has been completed. The promoters infused Rs.2.93 crore in FY2015-16. However, the firm faces intense competition from other projects in the vicinity. Besides, the firm is exposed to off take risk since it has received advances of only Rs.2.45 crore till September FY2016-17.

Update

The networth of IP improved to Rs.8.52 crore in FY2015-16 against Rs. 8.06 crore in FY2014-15. The DSCR coverage ratio of the firm stands at 1.00 times in FY2015-16 as compared to 1.00 times in FY2014-15. The gearing is comfortable at 0.52 times in FY2015-16 as against 0.10 times in FY2014-15.

Rating Sensitivity Factors

- Timely completion of the project
- Achieving bookings at expected rates
- Collecting advances

Outlook-Stable

SMERA believes that IP will maintain a stable outlook over the medium term owing to the extensive experience of the management. The outlook may be revised to 'Positive' if the firm generates steady cash flows from timely receipt of customer advances. Conversely, the outlook may be revised to 'Negative' in case the firm faces liquidity pressures arising from delays in project execution and receipt of customer advances.

About the Firm

IP, incorporated in 2014, is a Pune-based real estate firm promoted by Mr. Arun Sane, Mr. Parag Sane, Mr. Parag Tepan and others. The firm is engaged in the development of two residential apartments in Chaitnayapuri and Ashwinkunj, Pune. The net worth of the firm stood at Rs.8.06 crore as on March 31, 2016 against Rs.5.13 crore a year earlier.

About the Projects

Ashwinkunj – (Ashwinikunj Guruharachana Sanstha Maryadit)

The estimated project cost is Rs.12.77 crore to be funded through a term loan of Rs.4.25 crore and the rest through promoter's contribution. The firm has booked 70 per cent of the total saleable area of 27140 sq. ft. The total advances received stand at Rs.1.84 crore as on September 30, 2016.

Chaitnayapuri – (Chaitnayapuri Cooperative Housing Society)

The estimated project cost is Rs.11.25 crore to be funded through a term loan of Rs.4.00 crore and the rest through promoter's contribution. The firm has booked 63 per cent of the total saleable area of 25675 sq. ft. The total advances received stand at Rs. 0.30 crore as on September 30, 2016.

Rating History

Date	Facility	Amount (Rs. Crore)	Rating		Rating Outlook
			Long Term	Short Term	
18 Sept, 2015	Proposed Term Loan	8.25	SMERA B (Assigned)	-	Stable

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ABOUT SMERA

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