

Press Release

Rupa Infotech and Infrastructure Private Limited

February 03, 2018

Rating Assigned



| | |
|-------------------------------------|------------------------------|
| Total Bank Facilities Rated* | Rs. 131.00 Cr. |
| Long Term Rating | SMERA BBB+ / Outlook: Stable |

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA BBB+** (read as SMERA BBB plus) on the Rs. 131.00 crore bank facilities of RUPA INFOTECH AND INFRASTRUCTURE PRIVATE LIMITED. The outlook is '**Stable**'.

Rupa Infotech and Infrastructure Private Limited is engaged in constructing buildings with focus on commercial buildings, IT Park along with other specialty constructions. RIIPL, a Rupa Group company has developed projects like - The Platinum Techno Park at Vashi and The Rupa Solitaire Park at Mahape.

Key Rating Drivers

Strengths

• Experienced Management

RIIPL, incorporated in 2005 is a Mumbai based company engaged in the business of real estate development. Mr. Bimal Desai, the key Director, possesses 25 years of business experience in real estate sector and has completed several projects in Mumbai and Navi Mumbai. SMERA believes that RIIPL will continue to benefit from the established background of its promoters over the near to medium future.

• Steady revenue streams under lease arrangements with reputed clients

RIIPL derives its revenues by way of rentals from Platinum Techno Park at Vashi and The Rupa Solitaire Park at Mahape, two commercial properties based in Navi Mumbai and developed by RIIPL. The total area leased under both the properties is 3,78,823 Sq Ft. The key rentals involves Morning Star, Barbeque Nation, CCD, Dominoes, SBI, Vodafone India and Aegis Limited amongst others. The increasing importance of Navi Mumbai and availability of good infrastructure has resulted in Navi Mumbai becoming an important destination for corporate offices. The agreements with these clients are for around 3 years with the option to roll over. SMERA believes that the location of the two properties at Navi Mumbai and availability of requisite infrastructure will ensure steady flow of revenue.

Weaknesses

• Counterparty risk and early exit/ Renegotiation risk

The revenue of RIIPL are derived by way of rent from reputed corporates. RIIPL ensures that the credit quality is satisfactory. However the counterparty risk is significantly high in case of occurrence of any events such as changes in policy decisions by top management, early exits or renegotiation by client.

• Susceptibility of operating performance to dynamics of commercial real estate segment in and around Navi Mumbai

RIIPL has only two projects which are located in Navi Mumbai. As a result, any disruption in the business dynamics or the regulatory environment in and around Navi Mumbai can adversely impact the business risk profile and operating performance of the company.

Analytical Approach

SMERA has considered standalone financial and business risk profile of the company to arrive at the rating.

Outlook: Stable

SMERA believes RIPL will maintain a stable credit profile over the medium term on the back of established lease arrangements with reputed clients. The outlook may be revised to 'positive' in case the firm is able to generate significantly higher buffer between operating cashflows and debt servicing commitments. The outlook may be revised to negative in case of deterioration in the debt servicing metrics due to lower rentals, occupancies or higher debt to support other projects.

About the Rated Entity - Key Financials

| | Unit | FY17 (Actual) | FY16 (Actual) | FY15 (Actual) |
|-------------------------------|---------|---------------|---------------|---------------|
| Operating Income | Rs. Cr. | 63.57 | 91.04 | 40.17 |
| EBITDA | Rs. Cr. | 26.39 | 40.02 | 6.89 |
| PAT | Rs. Cr. | 18.28 | 29.23 | 7.31 |
| EBITDA Margin (%) | (%) | 41.52 | 43.96 | 17.15 |
| PAT Margin (%) | (%) | 28.76 | 31.64 | 17.37 |
| ROCE (%) | (%) | 11.93 | 16.44 | 8.12 |
| Total Debt/Tangible Net Worth | Times | 2.97 | 1.69 | 2.06 |
| PBDIT/Interest | Times | 3.71 | 8.89 | 15.84 |
| Total Debt/PBDIT | Times | 6.47 | 4.34 | 22.10 |
| Gross Current Assets (Days) | Days | 878 | 645 | 1,622 |

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

| Name of the Facilities | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. Crore) | Ratings/Outlook |
|------------------------|------------------|----------------|----------------|-------------------------------|------------------------------|
| Term loan | Not Applicable | Not Applicable | Not Applicable | 8.05 | SMERA BBB+/Stable (Assigned) |
| Term loan | Not Applicable | Not Applicable | Not Applicable | 9.47 | SMERA BBB+/Stable (Assigned) |
| Term loan | Not Applicable | Not Applicable | Not Applicable | 2.20 | SMERA BBB+/Stable (Assigned) |
| Term loan | Not Applicable | Not Applicable | Not Applicable | 41.05 | SMERA BBB+/Stable (Assigned) |
| Term loan | Not Applicable | Not Applicable | Not Applicable | 6.82 | SMERA BBB+/Stable (Assigned) |

| | | | | | |
|--------------------|----------------|----------------|----------------|-------|----------------------------------|
| Term loan | Not Applicable | Not Applicable | Not Applicable | 4.46 | SMERA BBB+/ Stable (Assigned) |
| Term loan | Not Applicable | Not Applicable | Not Applicable | 2.94 | SMERA BBB+/ Stable (Assigned) |
| Term loan | Not Applicable | Not Applicable | Not Applicable | 10.22 | SMERA BBB+/ Stable (Assigned) |
| Term loan | Not Applicable | Not Applicable | Not Applicable | 4.17 | SMERA BBB+/ Stable (Assigned) |
| Term loan | Not Applicable | Not Applicable | Not Applicable | 36.00 | SMERA BBB+/ Stable (Assigned) |
| Proposed Long Term | Not Applicable | Not Applicable | Not Applicable | 5.62 | SMERA BBB+/ Stable (Assigned) |

Contacts

| Analytical | Rating Desk |
|---|---|
| Vinayak Nayak Head – Ratings Operations Tel: 022-67141190 vinayak.nayak@smera.in | Varsha Bist Manager - Rating Desk Tel: 022-67141160 varsha.bist@smera.in |
| Abhishek Verma Manager - Rating Operations | |

Tel: 022-67141115

abhishek.verma@smera.in

ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, D&B and leading public and private sector banks in India. SMERA is registered with SEBI, accredited by RBI as an External Credit Assessment Institution (ECAI), under BASEL-II norms for undertaking Bank Loan Ratings. SMERA Bond Ratings is a division of SMERA Ratings Limited responsible for ratings of bank facilities, and capital market/money market debt instruments such as Bonds, Debentures, Commercial Papers, Fixed Deposits, Certificate of Deposits etc.. For more details, please visit www.smera.in.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.