

Press Release

Rupa Renaissance Limited

February 03, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 200.00 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 minus**) on the Rs. 200.00 crore bank facilities of RUPA RENAISSANCE LIMITED. The outlook is '**Stable**'.

RRL is engaged in constructing building with focus on commercial buildings, IT Park, along with other specialty constructions. Rupa Renaissance Limited (RRL) is closely-held limited company promoted by Rupa Group (RG) to take over the development of an IT Park Project in Turbhe, Navi Mumbai from Rupa Infotech and Infrastructure Private Limited (RIIPL).

Key Rating Drivers

Strengths

• Experienced Management

RRL is 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 RRL will continue to benefit from the established background of its promoters over the near to medium future.

• Strong group support from Rupa Infotech and Infrastructure Private Limited (RIIPL) for the construction

RIIPL has infused Rs. 153.01 cr till Nov end in RRL, an IT Park Project in Turbhe, Navi Mumbai. The total project cost is Rs. 357 cr, of which Rs 200 cr is from bank loans while rest is from the promoters. As on Nov 30, 2017 the term loan stands at Rs 29.99 cr. The project is expected to be completed by Mar, 2020. RRL has already completed the construction of guest houses in Building -1(guest house & service apartment), Services apartment construction has been completed till 17 floors out of 25 floors. In building-2 (IT park) - completed 4 floors construction out of total 34 floors.

Weaknesses

• Project completion risk

The project is expected to be completed by Mar, 2020 and is currently in the construction phase with around 50% of the work being done. Hence, the company is exposed to delays in construction. Though, with most of the approvals required being in place, company is expected to achieve the completion date.

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

RRL has only one projects which is 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 RRL 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 cash flows 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	28.81	6.98
EBITDA Margin	(%)	41.52	43.96	17.15
PAT Margin	(%)	28.76	31.64	17.37
ROCE	(%)	0.00	0.00	0.00
Total Debt/Tangible Net Worth	Times	3.21	1.84	2.26
PBDIT/Interest	Times	3.71	8.89	15.84
Total Debt/PBDIT	Times	0.00	0.00	0.00
Gross Current Assets (Days)	Days	0	0	0

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. Cr.)	Ratings/Outlook
Term Loan	Not Applicable	Not Applicable	Not Applicable	Not Applicable	SMERA BBB-/Stable

Contacts

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