

Press Release

Rupa Renaissance Limited

April 18, 2019

Rating Reaffirmed



Total Bank Facilities Rated*	Rs. 200.00 Cr.
Long Term Rating	ACUITE BBB- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuite has reaffirmed long-term rating of '**ACUITE BBB-**' (read as **ACUITE Triple B minus**) on the Rs.200.00 crore bank facilities of 'Rupa Renaissance Limited'. The outlook is '**Stable**'.

Mumbai based Rupa Renaissance Limited (RRL), incorporated in 2015 is primarily engaged in developing of commercial properties and leasing activities. The company is developing a project 'Renaissance Techno Park (RTP)' in Navi Mumbai. Total area under development is about 12.84 lakhs sq. ft, of which leasable area for commercial/ IT space is 11.48 lakh sq. ft., 1.14 lakh sq. ft. is for service apartments and 0.21 lakh sq. ft. for guest house. Cost of the project is about Rs.372 crore, of which about Rs.283.0 crore is incurred as of Jan 31, 2019, which is 76 percent of the total project cost. The project is expected to be ready for commercial operations by March 2020.

RRL is a part of Rupa Group which is mainly engaged in real estate activities. The group comprises of Rupa Infotech and Infrastructure Private Limited, Platinum Finleasing and Infra Development Private Limited among others.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of the RRL to arrive at this rating.

Key Rating Drivers

Strengths

- **Experienced management and fundingsupport**

RRL is a part of Rupa Group which is engaged in real estate activities. The group is promoted by Mr. Bimal Desai and his family who possess more than 25 years of business experience in real estate sector and has completed several projects in Mumbai and Navi Mumbai. Group has completed 13 commercial projects in Mumbai and Navi Mumbai. Now RRL is developing a commercial and IT space; the group has recently completed one commercial project under 'Rupa Infotech and Infrastructure Pvt Ltd' with a leased area of about 16.03 sft. It houses majorly corporates across domains. The on-going project RTP is partly commercial, and partly developing a hotel property to be managed by 'Marriott Hotels India Private Limited' (MHIPL) for a period of 30 years. Acuite believes that experience of the promoters in the industry, established relations with various corporates is expected to help the company in timely completion of the project and secure long-term lease agreements for its commercial space.

- **Low funding risk**

RRL is implementing the project at a cost of Rs.372 crores; its funded out of bank loan of Rs.200 crores, and promoters contribution of Rs.172 crores. The company has already spent about Rs.283.13 crore, which is 76 percent of the total project cost. The promoters have brought in Rs.154.73 crore (~89.96 per cent), and bank has disbursed Rs.128.40 crore (~ 64.20 per cent) as of Jan 2019. RRL is developing 11.48 lakh sft of commercial space for leasing and 1.35 lakh sft for service apartments cum guest house Major portion of civil works were completed, and works such as some RCC, Lift installation, blazing work, electric and plumbing works are pending, which is

expected to be completed by March, 2020. Undrawn balances from Banks, and promoters financial flexibility is expected to support in timely completion of the project. Acuite believes that Promoter's experience in leasing out the commercial space, and term loan repayments to start from FY2021 is expected to mitigate the liquidity risk.

Weaknesses

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

RRL developing the project in Navi Mumbai. The company is planning to lease out 11.48 sq. ft. of commercial space. As on March, 2019 the company has not yet made any lease agreements with the customers as the project is expected to complete by March 2020. However, operational agreement with the MHIPL will mitigate the risk to some extent. Further, 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.

Liquidity position

Liquidity of the company is moderate marked by sanctioned bank lines and promoter's financial flexibility to infuse the funds. Out of the sanctioned limit of Rs.200 crore, it has drawn about Rs.128.40 crore till January, 2019. RRL has invested about Rs.154.73 crore, and about Rs.17.27 crore is expected to be incurred in the next 12 months; Further, undrawn bank limits of Rs.71.60 crore is expected to be supported by the promoters. Promoter's financial flexibility to infuse / raise the funds, lease rental advances from the lessees, loan repayments scheduled in FY2021 and 2022 is expected to support the liquidity.

Outlook: Stable

Acuite believes that RRL will maintain 'Stable' business risk profile over the medium term on the back of experienced promoters in the real estate industry. The outlook may be revised to 'Positive' in case of earlier than-expected lease agreements and advance receipts from customers resulting in adequate cash flows for early completion of the project. Conversely, the outlook may be revised to 'Negative' in case of any cost or time over run or less-than-expected leasing out of the space resulting in weak cash flows and stretch in its financial flexibility.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	-	-	-
EBITDA	Rs. Cr.	-0.11	-0.01	-
PAT	Rs. Cr.	-0.00	-0.00	-
EBITDA Margin	(%)	-	-	-
PAT Margin	(%)	-	-	-
ROCE	(%)	0.00	0.00	-
Total Debt/Tangible Net Worth	Times	1.52	1.30	2.00
PBDIT/Interest	Times	-144.06	-3656.87	-
Total Debt/PBDIT	Times	-1101.82	-14999.46	-
Gross Current Assets (Days)	Days	-	-	-

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Real Estate Entities - <https://www.acuite.in/view-rating-criteria-41.htm>

- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
03-Feb-2018	Term Loans	Long Term	200.00	ACUITE BBB- / Stable (Assigned)

***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 Loans	Not Applicable	Not Applicable	Not Applicable	200.00	ACUITE BBB- /Stable (Reaffirmed)

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About Acuité Ratings & Research:

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