

Press Release

Sanaya Realties Private Limited

June 19, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 12.00 Cr.
Long Term Rating	ACUITE BB- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE BB-**' (**read as ACUITE BB minus**) on the Rs. 12.00 crore bank facilities of Sanaya Realties Private Limited. The outlook is '**Stable**'.

Sanaya Realties Private Limited (SRPL), is a Mumbai based company established in 1979 by Mr. Satish Sutaria and Mr. Vikas Sutaria. The company is engaged in development of commercial and residential projects in Mumbai and Pune. SRPL is presently executing a redevelopment residential project under the name 'Sanaya Elysium' in Mulund (Mumbai).

Key Rating Drivers

Strengths

- **Established track record and experienced promoters**

The promoters, Mr. Satish Sutaria and Mr. Vikas Sutaria collectively possess more than three decades of experience in the real estate industry. They have successfully developed 4 projects (residential and commercial) in Mumbai and Pune.

- **Moderate funding risk**

The estimated cost of the above mentioned project is Rs.35.20 crore to be funded through customer advances of Rs.14.17 crore, bank borrowings of Rs.12.00 crore and promoters' fund of Rs.9.03 crore. Further, as on 31st March, 2018, the company incurred cost of Rs.16.19 crore, of which Rs.7.27 crore was funded through customer advances, Rs.6.11 crore through bank borrowings and the rest through promoter's fund.

- **Moderate stage of project completion**

The project started in April, 2017 and is expected to be completed by June, 2019. As on 31st March 2018, the company has incurred cost of Rs.16.19 crore, forming ~46 percent of envisaged project cost (Construction + overheads + interest during implementation) of Rs.35.20 crore. The construction of 10 floors has been completed and 11th floor is ongoing.

Weaknesses

- **Low booking levels**

Considering the moderate stage of construction, the company has received bookings for 8 residential units (out of 23 residential units) till date, which is ~ 35 percent of the total bookings. The company has received advances of Rs.7.27 crore against the units sold and further receivables of Rs.6.25 crore is expected to be received stage wise.

- **Inherent cyclical in construction sector**

The real estate industry is highly fragmented with most of the real estate developers, having a city-specific or region specific presence. The risks associated with real estate industry are cyclical nature of business (drop in property prices), interest rate risk, among others that can affect operations.

- **Stiff competition from ongoing and new projects in the vicinity**

Mulund is one of the prominent areas in Mumbai. It has several residential projects under construction. The area has easy access to transport and several educational institutions are located around Mulund

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of Sanaya Realties Private Limited to arrive at the rating.

Outlook: Stable

Acuité believes that SRPL will maintain a 'Stable' outlook over the medium term owing to its experienced management and established presence in the real estate industry. The outlook may be revised to 'Positive' if the company generates steady cash flows from customer advances. Conversely, the outlook may be revised to 'Negative' in case of stretch in the liquidity position on account of delays in project execution or collection of booking money.

About the Project

The company is executing a redevelopment residential project 'Sanaya Elysium' at Mulund (Mumbai) with total saleable area of 47.34 thousand square feet to construct 55 units out of which 23 units are saleable and 32 units will be given to the existing society members. The total project cost is Rs.35.20 crore and the total sale proceeds expected is Rs.39.77 crore.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	3.36	13.60	19.67
EBITDA	Rs. Cr.	0.45	0.84	1.29
PAT	Rs. Cr.	0.17	0.22	0.20
EBITDA Margin	(%)	13.40	6.18	6.57
PAT Margin	(%)	4.92	1.60	1.03
ROCE	(%)	7.16	9.34	26.19
Total Debt/Tangible Net Worth	Times	1.18	2.70	5.03
PBDIT/Interest	Times	3.70	1.77	1.38
Total Debt/PBDIT	Times	4.33	5.81	5.98
Gross Current Assets (Days)	Days	1019	326	240

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

None

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.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)

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 loans	Not Applicable	Not Applicable	Not Applicable	12.00	ACUITE BB- / Stable

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About Acuité Ratings & Research:

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