



Press Release
PRATEEK REALTORS INDIA PRIVATE LIMITED
March 07, 2025
Rating Assigned and Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Non Convertible Debentures (NCD)	300.00	ACUITE B Stable Assigned	-
Non Convertible Debentures (NCD)	325.00	ACUITE B Stable Upgraded	-
Total Outstanding Quantum (Rs. Cr)	625.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded long-term rating to ‘**ACUITE B**’ (read as **ACUITE Bf**) from ‘**ACUITE C**’ (read as **ACUITE C**) on the Rs.325.00 Cr. Non-Convertible Debentures of Prateek Realtors India Private Limited. The outlook is ‘**Stable**’.

Further, Acuite has assigned long-term rating of ‘**ACUITE B**’ (read as **ACUITE Bf**) on the Rs.300.00 Cr. Non-Convertible Debentures of Prateek Realtors India Private Limited. The outlook is ‘**Stable**’.

Rationale for Upgrade

The rating takes into account the curing period being established for past delays upto October, 2024 in the long term loans. The rating further factors the experience of promoters and proven track record of over two decades in the same line of business. The first two phases of Prateek Grand City are on the verge of completion wherein 92% of the inventory has been sold and balance inventory is expected to be sold in next couple of quarters, which will remain a key monitorable. In addition, Construction of Phase III of Prateek Grand City is ongoing and is expected to be completed by FY30 wherein 14% of inventory has been sold against 3.5% construction being completed as on 31st December, 2024 and 335 units have been sold out of 2316 units. However, the strengths are partially offset by the ongoing construction of Phase III of Prateek Grand City which is at nascent stage and carries project execution, implementation and demand risks coupled with low DSCR which stood below unity out of first two phases of Prateek Grand City, however the risk is mitigated by the expected sufficient cashflow generated from the third phase of Prateek Grand City, which will remain a key sensitive factor.

About the Company

Delhi based, Prateek Realtors India Private Limited (PRIPL) was incorporated in 2009. It is promoted by Mr. Prashant Kumar Tiwari (& family) who holds 100% of the company directly or through group companies (Prateek Buildtech India Private Limited – 93% and Prashant Kumar Tiwari – 7%). The company is engaged in real estate activities & housing construction and is developing affordable Group Housing Project ~ Prateek Grand City having 40 acres’ land area, located at Siddhartha Vihar, Ghaziabad. The current director of company are Mr. Prateek Tiwari and Mr. Prasant Kumar Tiwari.

Unsupported Rating

Not applicable

Analytical Approach

Acuite has considered the standalone approach on the business and financial risk profile of Prateek Realtors India Private Limited to arrive at rating.

Key Rating Drivers

Strengths

Experienced Promoters with established track record of operations

The promoter of Prateek Realtors India Private Limited (PRIPL), Mr. Prashant Tiwari has experience of more than two decades in this line of business. The group has substantial presence in Noida and Ghaziabad and has delivered six projects in Delhi NCR such as The Royal cliff, Prateek Fedora, Prateek laurel, Prateek wisteria and Prateek Edifice, and Prateek Stylome. Currently, PRIPL is developing affordable Group Housing Project: Grand City which is a 40 acres' integrated township located at Siddhartha Vihar, Ghaziabad. Acuite believes that the business acumen

of the promoters is expected to benefit the business risk profile of the company over the medium term.

Weaknesses

Susceptibility to Real Estate Cyclical, Geographical concentration and regulatory risks

The real estate industry in India is highly fragmented with most of the real estate developers having a city specific or region-specific presence. Most of PRIPL's past and ongoing projects are located in Delhi NCR which increases its susceptibility to geographical concentration risk. Further, the real estate industry is cyclical in nature of business and subject to price and interest rate risk, among others. Additionally, the industry is also exposed to regulatory risk, which can impact project execution.

Project Execution Risk

The project execution risk is associated with the project (Prateek Grand City - Phase III) as it is on very nascent stage. Further, PRIPL has sold 335 units out of 2316 units and as on 31st December, 2024, 14% of inventory has been sold against 3.5% construction being completed. The project is also exposed to funding risk as the NCD of Rs.300 Crore are yet to be issued. However, the other two phases (Phase I & II) of Prateek Grand City are on the verge of completion wherein 92% of the inventory has been sold and balance inventory is expected to be sold in next couple of quarters, which will remain a key monitorable. In addition, the demand risk is also associated with the project due to its recent launch and local real estate market being fragmented and unorganised thereby increasing competition. Further, the commanding of better price realisation will remain a key sensitive in near to medium term as the company is depending upon the large customer advances. The project (Prateek Grand City - Phase III) is also exposed to implementation risk as it is expected to be completed by June, 2029. Acuite believes that timely completion and receipt of customer advances would remain a key rating sensitivity factor over the medium term.

Rating Sensitivities

- Timely refinancing by issuance of NCD.
- Timely realization of customer advances pending from sold inventory.
- Lower than expected sales traction leading to increased dependence on debt.
- Sharp decline in cashflow by slackened saleability of project or delays in project execution.

All Covenants

1. Balance of Piramal/Apollo Debt after payment of Rs. 225 Cr. shall be converted into Settlement Area. Pirama / Apollo Debt shall continue as a customer for the area converted and shall provide no dues certificate for the repayment of debt.
2. No further debt in any form can be raised by the Obligors without Investor.
3. Subordination of any related party debt.
4. Cumulative Minimum collection of Rs.500 Cr. from Prateek Grand City Project Phase I and 2 from 1st April, 2024 till before March 31, 2026 with quarterly targets.
5. Other milestones of Phase III to be discussed and mutually agreed at the time of transaction documentation
6. No sale below the floor price is set out in Business Plan for any Project without consent of Investor.
7. Cash flow cover and Security cover of at least 2.25 times at all times.
8. Cash flow cover / Security cover can be tested anytime at the discretion of Investor by an external valuer of Investor's choice at the cost of Obligor.
9. No transactions with promotor or related parties except as explicitly disclosed and agreed
10. No dividend or any direct or indirect payment to promotor or related parties (except as explicitly disclosed and agreed)
11. Submission of monthly/quarterly Business Plan. Construction, Approval, and Sales milestones to be monitored and met as per the Business Plan.
12. All cash flows to be routed through escrow account. Monitoring of all construction expenses through an escrow mechanism.
13. Sponsor not to divest any stake in the Obligors other than those as agreed in the Business Plan till Investor debt is fully repaid.

Liquidity Position

Stretched

The liquidity profile of PRIPL is stretched and the DSCR from first two phases of Prateek Grand City (Phase I & II) is falling below unity. However, the risk is mitigated by the expected sufficient cashflow generated from the third phase of Prateek Grand City (Phase III) in near to medium term in form of customer advances taken from tied up and unsold units.

Outlook: Stable

Other Factors affecting Rating
None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	168.43	29.85
PAT	Rs. Cr.	(110.35)	(120.69)
PAT Margin	(%)	(65.52)	(404.31)
Total Debt/Tangible Net Worth	Times	(4.49)	(6.21)
PBDIT/Interest	Times	0.24	(0.44)

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

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Although Acuite requested an interaction with the Audit Committee the issuer entity was unable to arrange it.

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Real Estate Entities: <https://www.acuite.in/view-rating-criteria-63.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
14 Feb 2025	Non-Covertible Debentures (NCD)	Long Term	325.00	ACUITE C (Reaffirmed)
15 Feb 2024	Proposed Non Convertible Debentures	Long Term	325.00	ACUITE C (Assigned)
31 Jan 2024	Proposed Non Convertible Debentures	Long Term	325.00	ACUITE Provisional C (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	INE0K4K07022	Non-Convertible Debentures (NCD)	28 Mar 2024	19.50	31 Aug 2027	325.00	Simple	ACUITE B Stable Upgraded (from ACUITE C)
Not Applicable	Not avl. / Not appl.	Proposed Non Convertible Debentures	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	300.00	Simple	ACUITE B Stable Assigned

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About Acuité Ratings & Research

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