



Press Release
SUNNY VIEW ESTATES PRIVATE LIMITED
February 13, 2024
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	147.00	ACUITE BB Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	147.00	-	-

Rating Rationale

Acuite has assigned its long term rating of '**ACUITE BB**'(read as **ACUITE double B**) on the long term bank facilities of Rs.147 Crore of Sunny View Estates Private Limited. The Outlook is '**Stable**'.

Rationale for Rating

The rating derives strength from experienced and resourceful management, reputed lessee profile resulting in satisfactory operating performance. Further the rating - factors in the increase in lease rentals to Rs.17.75 Crores in FY23 against Rs.15.30 Crores in FY22. The occupancy is 100% till date. But, the rating is constrained by stretched liquidity due to DSCR stood below unity, however, the risk is mitigated by an additional support given by existing group companies of Dhanuka Group in case of any shortfall.

About the Company

Sunny View Estates was founded with the intention to providing world class infrastructure to the rapidly emerging IT sector in India. - Sunny View Estates, Mohali consists of two towers, namely IT Building and SEZ Building, exclusively reserved for Office space. The directors of the company are Mr. Sanjay Dhanuka and Mr. Mayyank Dhanuka.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has taken the standalone view on the business and financial risk profile of Sunny View Estates Private Limited.

Key Rating Drivers

Strengths

Experienced and resourceful management

SVEPL is being managed by Mr. Sanjay Dhanuka and Mr. Mayank Dhanuka who hold directorial position in the company. The directors of the company have recently associated with company in FY23 (November 2022). Earlier, SVEPL was being managed by Shapoorji Pallonji and Dhanuka group purchased the company of Rs.195 Crores. Acuite believes that company would get benefit from the experience of the promoters and timely support extended by them as the promoters of the company have an experience for more than 3 decades in the rental business. The other two properties wherein promoters of the company held directorship i.e., Mayur sales Private Limited and PFH mall & Retail management Private

Limited.

Operational Performance

The company have entered into lease agreements with corporate clients from past three years. The company have generated revenue of Rs.17.75 Crores in FY23 as compared to Rs.15.30 Crores in FY22 and Rs.13.13 Crores in FY21. The Company is expected to increase in the total rental income on an account of escalation clause. The lessee includes reputed clients such as CRM Services India Private Limited, Escalon Business Services Private Limited and Paraxel international India Private Limited. Acuite believes that the operating performance of the company will improve on an account of escalation clause as the occupancy is 100%.

Weaknesses

Below average Financial Risk Profile

The debt profile of the company majorly comprises of term loans and Optionally Convertible Debentures. The company had availed term loan for the development of the property against the lease rentals from IT tower and SEZ building. Hence, the total debt of the company remained at Rs.166.97 crore as on March 31, 2023 as against Rs.306.10 crore as on March 31, 2022. In FY22, the company was being controlled by Shapoorji Pallonji and total debt of Rs.306.10 Crores were NCD's which were given in the form of Inter corporate deposits. However, these NCD's are paid off. In FY23, the entity was taken over by Dhanuka Group with a Fresh term loan of Rs.147 Crores against the lease rentals and Company issued 1800 OCD on 30 th November 2022 of Rs.0.10 Crores, out of which 1470 OCDS were redeemed on 31 st March 2023. The tangible net worth remained at Rs. (49.23) crore as on March 31, 2023 as against Rs. (65.46) crore in FY22. The tangible net worth is improving due to accumulation of profits and conversion of OCD to equity which stood at Rs.5.10 crores. Hence, the debt-equity of the company is in FY23 stood at (3.39) times against (4.68) times in FY22. The interest coverage ratio, remained at 1.28 times during FY22-23 as against 2.83 times during FY22. The Debt-EBITDA ratio, remained at 3.57 times during FY23. However, debt service coverage ratio stood at 0.52 times in FY23 and is expected to remain below unity going forward. Acuite believes that the financial risk profile of the company will remain a key sensitive factor.

Rating Sensitivities

- Improvement in lease rental and overall cash flows as envisaged by the company.
- Any significant decline in lease rentals on account of discontinuation of lease agreement, inability to achieve the projected cash flows.

Liquidity Position Stretched

The liquidity position of the company is stretched. As the company is having net cash accruals which stood at Rs.8.31 Crores as on 31 st March 2023. However, the DSCR is arriving at below unity. Further, the company will get rentals as the occupancy is 100% and debt obligations will be deducted and if there would be any shortfall then it will be meet up by existing properties of group companies.

Outlook: Stable

Acuite believes that the outlook on SVEPL will remain 'Stable' over the medium term on account of growing occupancy level, resulting in increase in lease rental. The outlook may be revised to 'Positive' in case of significant increase in lease rental than envisaged, long term lease contract with reputed clientele. Conversely, the outlook may be revised to 'Negative' in case of any decline in lease rentals.

Other Factors affecting Rating

None.

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	17.75	15.30
PAT	Rs. Cr.	5.10	70.25
PAT Margin	(%)	28.74	459.25
Total Debt/Tangible Net Worth	Times	(3.39)	(4.68)
PBDIT/Interest	Times	1.28	2.83

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

None.

Any other information

None.

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite'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 :

Not applicable.

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Federal Bank	Not avl. / Not appl.	Lease Rental Discounting	Not avl. / Not appl.	Not avl. / Not appl.	31 Aug 2028	Simple	5.13	ACUITE BB Stable Assigned
Federal Bank	Not avl. / Not appl.	Lease Rental Discounting	Not avl. / Not appl.	Not avl. / Not appl.	28 Feb 2030	Simple	6.00	ACUITE BB Stable Assigned
Federal Bank	Not avl. / Not appl.	Lease Rental Discounting	Not avl. / Not appl.	Not avl. / Not appl.	30 Mar 2035	Simple	123.81	ACUITE BB Stable Assigned
Federal Bank	Not avl. / Not appl.	Lease Rental Discounting	Not avl. / Not appl.	Not avl. / Not appl.	30 Jun 2026	Simple	7.48	ACUITE BB Stable Assigned
Federal Bank	Not avl. / Not appl.	Lease Rental Discounting	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2028	Simple	4.58	ACUITE BB Stable Assigned

Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 mohit.jain@acuite.in Depanshi Mittal Analyst-Rating Operations Tel: 022-49294065 depanshi.mittal@acuite.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in

About Acuité Ratings & Research

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