



Press Release

Rupa Renaissance Limited

November 26, 2020

Ratings

Facility*	Amount (Rs. Crore)	Rating	Rating Action
Long Term Fund based facilities - Term Loans	300.00	IVR BBB- /Stable (IVR Triple B Minus with Stable Outlook)	Assigned
Total	300.00		

*Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to the bank facilities of Rupa Renaissance Limited (RRL) take into account its established track record, resourceful & experienced promoters, favourable project location with comfortable project cost structure. These are partially offset by project execution risk, cyclical in the real estate segment and susceptibility of operating performance to dynamics of commercial real estate segment in and around Navi Mumbai

Key Rating Sensitivities

Upward Factors

- Timely completion of the projects
- Lease of inventory at competitive rates as envisaged

Downward Factors

- Significant delay in completion of project.
- Significant cost overrun of the project.
- Lower than expected booking status in terms of area and lease rent

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Established track record of the Rupa group

Mumbai based the Rupa Group is a professionally managed diversified business group engaged in Real Estate in Residential Commercial, retail, IT parks, and resorts. Rupa Properties & Securities Pvt Limited was the first company under the Rupa Group incorporated in 1994. Since beginning, the group has successfully completed 14 Residential,



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Commercial projects with total saleable area of 19.26 lacs.sq. ft and presently working on 01 commercial projects (i.e. Rupa Renaissance Limited). Few major constructions of the group are the Sapphire, Bhaghbaan, Rupa Solitaire etc. The group has various ventures through Rupa Homes, Rupa Offices, Rupa Resorts thus maintaining brand reputation.

Resourceful & experienced promoters

The promoters of the company have been associated with the real estate industry for almost two decades. Mr. Bimal Desai is a graduate and is a chairperson of the group. He is carrying more than 26 years of experience in the construction business. Mr. Jitendra Desai, father of Mr. Bimal Desai is a retired Zonal manager of a nationalised bank. His sound knowledge in financial markets forms an important backbone of the company. Mr. Rounak Desai & Mr. Vishal Desai, sons of Mr. Bimal Desai are also Directors of the company. The promoters are well connected and resourceful. They have infused unsecured loan and converted the same into equity which is reflected in FY2020 audited report.

Favourable project location

The upcoming project “Rupa Renaissance Limited” is located at the prime location in Thane Creek (TTC) Industrial Area, MIDC, Turbhe and Navi Mumbai. Project location is surrounded by all basic necessities and conveniences including shopping centers, grocery stores, healthcare centers, education institutes, business centers, restaurants which can be accessible easily. Navi Mumbai’s Industrial Cluster is Changing Into India’s Newest IT Hub. Further, demand of office space in Navi Mumbai is one of highest in the country.

Comfortable project cost structure

The company has proposed to develop the commercial project with the mix of Debt and Equity. Total estimated cost of the project is Rs. 503 Crore, which is projected to meet through promoters’ fund of Rs.203 Crore, debt of Rs.300 Crore. Loan amount to total cost of project is 60% and Promoter and other funds to total cost is 40%.



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Key Weaknesses

Project Execution Risk

Construction of Commercial project 'Rupa Renaissance' is still in progress and ~92% of the project is completed till September 30, 2020. Though the project has received all necessary regulatory clearances, the expected date of completion of all towers was March 2020. However, due to COVID -19 situations, there is due in OC Clearance & the IT/IT building project is expected to be completed by December 2020 and the Marriot service apartment by September 2021. The project is proposed to be on 100% lease. The marketing & the implementation period makes the company susceptible to time and cost overruns, which may affect profitability.

Cyclicality in the real estate segment and susceptibility of operating performance to dynamics of commercial real estate segment in and around Navi Mumbai

The project is susceptible to economic dynamics of Navi Mumbai and sensitive to regulatory and business environment in and around Navi Mumbai. The project is to be on 100% lease hence, economic situation in the country and in the area is a key rating monitorable as fluctuations in cash inflow may affect the debt servicing ability of the company going forward. However, resourcefulness of the promoters and long standing experience in this field imparts comfort.

Analytical Approach: Standalone

Applicable Criteria

Rating Methodology for Real Estate Companies

Financial Ratios & Interpretation (Non-Financial Sector)

Liquidity: Adequate

RRL is projected to maintain an adequate level of inflow and the same is expected to increase gradually with increase in bookings. Further, the company is likely to benefit from the resourcefulness of the promoter group. Overall liquidity position is expected to remain adequate.



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About the Company

Rupa Renaissance Ltd (RRL) is a part of Mumbai based Rupa group. The group is engaged in real estate developments across Mumbai/Maharashtra through its various companies or SPVs. Until now, the group has completed 14 projects in a residential, commercial, Retail, IT parks etc. Presently, RRL is engaged in developing a real estate commercial project 'Rupa Renaissance' in Trans Thane Creek (TTC) Industrial Area, Turbhe that is one of the oldest chemical industries & warehousing area.

Financials: Standalone

(Rs. crore)

For the year ended*/As on	31-03-2019	31-03-2020
	Audited	Audited
Total Operating Income	0.00	0.00
EBITDA	-0.21	-1.11
PAT	0.00	-3.67
Tangible Net worth	82.4	241.5
Adjusted Tangible Net worth	166.9	241.5
EBITDA Margin (%)	0.00	0.00
PAT Margin (%)	0.00	0.00
Overall Gearing Ratio (x)	0.94	0.94

*As per Infomerics Standards

Status of non-cooperation with previous CRA: Acuite Ratings in their press release dated July 10th, 2020 have classified Rupa Renaissance Limited as ISSUER NOT COOPERATING.

Any other information: Nil



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Rating History for last three years:

Sr. No.	Name of Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Ratings	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Term Loans	Long Term	300.00	IVR BBB-/Stable Outlook (IVR Triple B Minus with Stable Outlook)	NA	NA	NA
Total			300.00				

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.



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ANNEXURE I

Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund based facilities - Term Loans	-	-	30-06-2023	300.00	IVR BBB-/Stable Outlook (IVR Triple B Minus with Stable Outlook)
Total				300.00	