



Infomerics Valuation and Rating Pvt Ltd

Press Release

Infomerics Valuation and Rating Pvt Ltd has assigned IVR B-/Stable Outlook (pronounced IVR single B minus with Stable Outlook) to Rs 820.2 crores non-convertible debentures of Sunstream City Pvt Ltd (SCPL). The NCDs are likely to have a tenor of 9 years. Instruments with this rating are considered to have high degree of risk for timely repayment of financial obligations and carry high credit risk.

The aforesaid rating derives strengths from the established brand of the promoters in the Mumbai real estate market, receipt of all statutory approvals and demonstrated ability of the promoters to close complex residential and commercial projects on time. The rating is however, constrained by high debt-funded nature of the project, one of the promoters currently on bail, long project gestation period of 15 years, significant project execution risks and tepid real estate demand in Mumbai.

SCPL is a privately held real estate developer. The company was earlier incorporated as Zeus Infrastructure Pvt Ltd in 2006 and was changed to the present name in 2010. The company has currently only one project in its portfolio.

SCPL has been promoted by the Hubtown group and other investors.

The project, namely 'Sunstream City Project', situated off Eastern Express Highway at Mulund-Thane region in the state of Maharashtra. Sunstream City, which is notified as a Special Economic Zone, is spread over 141 acres. Sunstream City is a township project comprising of IT SEZ and residential township. The project is being constructed as a cluster with plug-and-play model approach to minimize costs for future customers, who will be mainly from the IT & ITES industry. The land has been taken on long-term lease from Mumbai Metropolitan Region Development Authority (MMRDA) and Thane Municipal Corporation (TMC). The SEZ has obtained status of 'Special Planning Authority' from Government of Maharashtra, which gives it powers to approve the Development plans of the buildings within the SEZ.

The company being in the project stage, its financials do not indicate much. In FY15, the company recorded sales of Rs 15.2 crores with net losses of Rs 1.5 crores and total debt of around Rs 821 crores. In H1 FY16, the company recorded sales of Rs 8.4 lacs with net profits of Rs 1.5 lacs.

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