



## Press Release

### Renuka Realty Private Limited (RRPL)

January 18, 2024

#### Ratings:

Instrument / Facility	Amount (Rs crore)	Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long term Bank facilities – Term Loan	77.00	IVR BBB-/ Stable (IVR Triple B minus With Stable Outlook)	Assigned	Simple
<b>Total</b>	<b>77.00</b>			

Details of Facilities are in Annexure 1

#### Detailed Rationale:

The ratings assigned to the bank facilities of Renuka Realty Private Limited continue to derive strength from its experienced promoters in the real estate industry, favorable project cost structure and favorable location of the project. However, the rating strengths are partially offset by nature of real estate industry subject to regulations and project execution & marketing risk.

#### Key Rating Sensitivities:

##### Upward Factors:

- Timely completion of the projects
- Sale of unsold inventory at competitive rates

##### Downward Factors:

- Significant delay in completion of project.
- Significant cost overruns of the project.
- Lower than expected booking status

#### Key Rating Drivers with detailed description:

##### Key Rating Strengths:

##### Experienced promoters in the real estate industry

The company is promoted by Mr. Babu Saybanna Mehetre along with his 2 sons. In the last 30 years of experience in real estate sector, promoters have gained vast knowledge relating to real estate projects starting from acquisition of land to getting completion certificates from different corporations. During last 30 years of journey as a developer, they have completed construction area over 15.00 lakhs sq. fts in over 40 residential cum commercial projects.

##### Favorable project cost structure



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The total cost of the project is envisaged at Rs. 184.70 crore with Rs.38.51 crore funded through customer advances as on Dec 15, 2023, Rs.77 crore through term loan and balance will be funded by promoters. The promoters will be infusing Rs. 73 crores as promoter's margin towards the proposed project. Out of which Rs. 44 crores are infused in the form of equity share capital and balance is the form of unsecured loan from promoters and family.

### **Favorable location of the project**

Tathawade is a developing suburban area in the north-western outskirts of Pune. The locality is a part of Pimpri-Chinchwad area and falls under the influence of Pune Metropolitan Region. Situated on the Mumbai Highway (NH-48), Tathawade shares neighbourhood with Wakad, Punawale, Ravet, Hinjewadi and Nigdi. Proximity with the prime employment hub of Hinjewadi, has been a key factor driving real estate demand in Tathawade. Regarded as an educational hub, the locality also hosts many multi-storey apartment projects, both completed as well as under-construction.

Location is well connected and enjoys close proximity to road, rail and air. It is fast developing area and in the heart of city.

### **Key Rating Weaknesses:**

#### **Nature of real estate industry subject to regulations**

The real estate sector is volatile in nature with an inherent liquidity risk associated to it. There may be fluctuations in cash flows due to delayed realization & changes in regulatory requirements. The central law RERA provided the basic framework of consumer protection in real estate transactions: raising disclosure requirements of builders, bridging existing information asymmetry between buyers and builders, and ring-fencing the money paid upfront by buyers.

#### **Project Execution and marketing Risk**

RRPL'S projects is under various phases of construction, alternatively the sales across these projects are at different stages. Achieving the envisaged realizations for the unsold inventory while maintaining the sales momentum remains crucial going forward. With the progress of construction, the sales momentum is likely to accelerate providing adequate cash flows. The implementation period makes the company susceptible to time and cost overruns, which may affect profitability. Although, operational ability to sell the units is key to meet the debt obligation on time.



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**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Infrastructure Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria on Rating Outlook](#)

### **Liquidity – Adequate**

Renuka Realty Private Limited is projected to maintain an adequate level of inflow and the same is expected to increase gradually with increase in bookings/sales realization. In addition, availability of DSRA account will ensure the smooth repayments. Further, the company is likely to benefit from the resourcefulness of the promoters group. Favourable repayment structure for the debt availed for the project also provides some comfort. Overall liquidity position is expected to be adequate.

### **About the Company**

Renuka Realty Private Limited (PAN: AALCR5801Q) is a private limited company incorporated on 19<sup>th</sup> January 2022. Registered office of the company is situated at Shop No. 8, CTS 980, Street - Bhimnagar, Locality- Chinchawad, Taluka- Haveli, District- Pune, Maharashtra - 411033. Company is promoted by Mr. Babu Saybanna Mehetre along with his 2 sons. It is an SPV incorporated to execute residential cum commercial project “**Renuka Panch Tattva**”.

Company has started developing a residential cum commercial project Renuka Panch Tattva which is located at plot bearing Survey No. 63/8, 63/9/1, 63/9/2, 63/9/3 admeasuring 22,100 Sq. mtrs., lying and being situated at Street- D P Road, Locality- Tathawade, Taluka- Mulshi, District- Pune, Maharashtra- 411033. Total Potential FSI proposed in the IOD layout obtained vide certificate No. BP/EC/ Tathawade/09/2022 dated 31-05-2022 was envisaged at 90,693.11 sq. Mtrs. in proposed 5 buildings.

Out of potential FSI of 90.693.11 sq. mtrs, company has received construction permission for FSI of 49,883.74 sq. mtrs. vide commencement certificate No. BP/Tathawade/11/2023 dated 17-02-2023.



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Out of approved FSI of 49,883.74 sq. mtrs., company has planned to develop two residential cum commercial towers (namely: AURA and CELESTA) in Phase-I of the project Renuka Panch Tattva. FSI relating to these two towers are 42,012.03 sq. mtrs.

### Financials: Standalone

(Rs. crore)

For the year ended/* As On	31-03-2022	31-03-2023
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	0.00	0.00
EBITDA	0.00	0.06
PAT	0.00	0.04
Total Debt	2.64	19.00
Adjusted Tangible Net-worth	2.64	19.04
<b>Ratios</b>		
EBITDA Margin (%)	-	-
PAT Margin (%)	-	-
Overall Gearing Ratio (x)	0.00	0.00

\*Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA:** Nil

**Any other information:** Not Applicable

### Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Long term bank facilities	Long Term	77.00	IVR BBB-/ Stable	-	-	-

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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics



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commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations. Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary. For more information visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Details of Facilities:

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Long term bank facilities- Term Loan	-	-	Sep 2027	77.00	IVR BBB-/ Stable

**Annexure 2: List of companies considered for consolidated analysis:** Not Applicable

**Annexure 3: Facility wise lender details:**

<https://www.infomerics.com/admin/prfiles/len-RenukaRealty-jan24.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:** Not Applicable



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**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it based on complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).

