



## Press Release

### Rupa Renaissance Limited (RRL)

**August 23, 2024**

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	541.30	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	--	Assigned	<a href="#">Simple</a>
Short Term Bank Facilities	5.00	IVR A3+ (IVR A Three Plus)	--	Assigned	<a href="#">Simple</a>
<b>Total</b>	<b>546.30</b> <b>(Rupees Five</b> <b>Hundred Forty Six</b> <b>crore and Thirty</b> <b>lakh only)</b>				

**Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**

#### Detailed Rationale

Infomerics Ratings has assigned ratings RRL bank facilities derive strength from its experienced promoters and management team, steady flow of lease rentals, maintenance of DSRA and escrow mechanism and strategic location of the property. However, these rating strengths are partially offset by exposure to intense competition, renewal risk of master lease agreements, uncertainty related to finalization of unleased portion and exposure to risks relating to cyclical in real estate sector.

The ratings have been assigned a stable outlook on account of extensive experience of promoters and long-term lease agreement with the reputed clientele base.

#### Key Rating Sensitivities:

##### Upward Factors

- Timely receipt of the lease rentals
- Renewal of upcoming expiring lease at higher than present rates along with more favourable terms leading to generation of more than expected cash surplus
- Sustained improvement in scale of operation backed by occupancy and ARR performance.

##### Downward Factors



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- Non- renewal/ fresh tie-ups at competitive rates upon the expiry of lease tenor/termination of lease agreement with any of the tenants leading to reduction in occupancy rates and/or cash surplus
- Slowdown in saleability of rooms and banquet resulting in collections lower than expected.

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Experienced promoters and management team**

RRL is a part of the Rupa Group. Rupa Group is promoted by Mr. Bimal Desai and his family who possess more than 25 years of business experience in real estate sector and has completed several projects in Mumbai and Navi Mumbai. Rupa Group has completed 15 commercial projects in Mumbai and Navi Mumbai. The promoters are actively engaged in day-to-day affairs of the company, ably supported by a well experienced second line of executives.

- **Steady flow of lease rentals**

RRL has leased out its units of 'Rupa Renaissance' with 9,05,125 sq ft carpet area to various reputed brands/ corporates/ companies and receives steady cash flow in the form of monthly lease rentals. The lease agreement ranges between 3-9 years. The location of the building premises is in close proximity to railways & bus station which is an added advantage for gaining demands.

- **Maintenance of DSRA and Escrow mechanism**

As per the terms of sanction, there is an escrow account mechanism in place as per which all rent receivables are to be directly deposited into the escrow account and utilized first for debt servicing before release of any surplus cash flows. The presence of an escrow mechanism provides comfort in the form of restricting cash flow fungibility.

- **Strategic location of the property**

The commercial buildings namely 'Rupa Renaissance' office space and 'Marriott Executive Apartments' hotel are strategically located in Navi Mumbai.



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- **Operational agreement with a leading hotel chain**

RRL has entered into an agreement with Marriott Hotels India Private Limited, which is one of the leading hotel chains in the world. The hotel named as 'Marriott Executive Apartments' constructed by RRL is being operated under 'Marriott' brand.

### Key Rating Weaknesses

- **Exposure to intense competition**

RRL is exposed to intense competition from various commercial leasing players operating in the surrounding areas. This could exert pressure on the rentals and occupancy rates. Any adverse movement in the rental yield will remain a key rating sensitivity.

- **Renewal risk of master lease agreements**

The lock-in period is 5-9 years after which the clients can move out by serving the notice period. Going forward, the company's ability to avoid any premature termination of lease agreements is to be seen. Timely renewal of agreements will remain a key sensitivity over the medium term.

- **Uncertainty related to finalization of unleased portion**

RRL is dependent on timely rent remittance by the lessee to meet its debt servicing obligations. Also, the company's ability to rope in a potential tenant at the earliest for its vacant space has to be ascertained. Further, the unleased portion creates uncertainty to the projected cash flows.

- **Exposure to risks relating to cyclicity in real estate sector**

Cyclicity in the real estate segment could lead to fluctuations in cash inflow because of volatility in realization and saleability.

- **Macro-economic factors and seasonal uncertainty**

Hotel industry being cyclical and dependent on the general economic scenario. The company is exposed to the changes in the macro-economic factors and tourist arrival growth in India, international and domestic demand supply scenarios, competition in the



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industry, government policies and regulations and other socioeconomic factors which leads to inherent cyclicity in the hospitality industry. These risks can impact the occupancy rate of the company and thereby the company's profitability along with a drop in ARR's.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Lease Rental Discounting \(LRD\)](#)

[Rating Methodology for Real Estate Entities](#)

[Rating Methodology for Service Sector](#)

[Criteria on assigning rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

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

### **Liquidity – Adequate**

The cashflows from operations shall be adequate to service the monthly obligations, aided by rental income. The lease rental discounting loan has an escrow mechanism which prioritizes debt repayment before any other utilization. RRL maintains cash and cash equivalent amounting to Rs.52.95 crore as on March 31, 2024 (period refers from April 1,2023 to March 31, 2024).

### **About the Company**

RRL, Erstwhile Rupa Infotech and Infrastructure Private Limited, name changed dated March 14, 2017) is a part of Mumbai based Rupa Group. Rupa Group is engaged in real estate developments across Mumbai/Maharashtra through its various companies or SPVs. Rupa Group has completed 15 projects in a residential, commercial, Retail, IT parks etc.

RRL has completed a 1350000 sq ft commercial complex (offices) at Turbhe, Navi Mumbai named as 'Rupa Renaissance' and in FY24 completed a 129 rooms hotel named as 'Marriott Executive Apartments'. RRL has sold ~3.47 lac sq feet in the commercial complex (offices) and the remaining are available for lease.



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### Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Provisional
Total Operating Income	14.91	70.53
EBITDA	1.68	34.65
PAT	17.50	3.40
Total Debt	423.15	516.08
Tangible Net Worth	229.54	232.94
EBITDA Margin (%)	11.29	49.13
PAT Margin (%)	19.32	3.80
Overall Gearing Ratio (x)	1.84	2.22
Interest Coverage (x)	0.05	0.94

\* Classification as per Infomerics' standards.

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

**Any other information:** Nil

### Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					-	-	-
1.	Term Loan (LRD)	Long Term	388.80	IVR BBB/ Stable	-	-	-
2.	Term Loan	Long Term	105.00	IVR BBB/ Stable	-	-	-
3.	Dropline Overdraft	Long Term	47.50	IVR BBB/ Stable	-	-	-
4.	Overdraft	Short Term	5.00	IVR A3+	-	-	-

### Analytical Contacts:

Name: Nilesh Gupta

Tel: (022) 62396023

Email: [nilesh.gupta@infomerics.com](mailto:nilesh.gupta@infomerics.com)

Name: Amey Joshi

Tel: (022) 62396023

Email: [amey.joshi@infomerics.com](mailto:amey.joshi@infomerics.com)

**About Infomerics:**



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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 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 and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loans (LRD)	-	-	-	Upto March 2039	388.80	IVR BBB/ Stable
Term Loans	-	-	-	October 2025	105.00	IVR BBB/ Stable



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Dropline Overdraft	-	-	-	-	47.50	IVR BBB/ Stable
Overdraft	-	-	-	-	5.00	IVR A3+

**Annexure 2: Facility wise lender details:**

<https://www.infomerics.com/admin/prfiles/len-Rupa-Renaissance-aug24.pdf>

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities:** Not Applicable

**Annexure 4: List of companies considered for consolidated/Combined analysis:** Not Applicable

**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](http://www.infomerics.com).