



## Press Release

### Rupa Renaissance Limited (RRL)

June 24, 2022

#### Ratings

| Instrument Facility /                 | Amount (Rs. crore)                    | Ratings  | Rating Action | <a href="#">Complexity Indicator</a> |
|---------------------------------------|---------------------------------------|--|---------------|--------------------------------------|
| Long term Bank Facilities - LRD       | 51.97<br>(Reduced from Rs. 52.21 Cr.) | IVR BBB+/ Stable<br>(IVR Triple B plus with Stable Outlook)  | Reaffirmed    | Simple                               |
| Long term Bank Facilities - LRD       | 84.00                                 | IVR BBB+/ Stable<br>(IVR Triple B plus with Stable Outlook). | Assigned      | Simple                               |
| Long term Bank Facilities - LAP       | 20.00                                 | IVR BBB/Stable<br>(IVR Triple B with Stable Outlook)         | Assigned      | Simple                               |
| Long term Bank Facilities -Term loans | 218.21                                | -  | Withdrawn     | Simple                               |
| <b>Total</b>                          | <b>Rs. 155.97 Crore</b>               |  |               |                                      |

#### Details of Facilities are in Annexure 1

#### Detailed Rationale

The assignment and reaffirmation in rating of the bank facilities of Rupa Renaissance Limited factors in completion of project, eliminating project execution risk and time & cost overrun risk.

The ratings continue to derive strength from Established track record of the Rupa group, Resourceful & experienced promoters, Favourable project location and Escrow mechanism and structured payment waterfall along with DSRA support. Rating continues to remain constrained on account of Cyclicity in the real estate segment and susceptibility of operating performance to dynamics of commercial real estate segment in and around Navi Mumbai.



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### **Key Rating Sensitivities:**

#### **Upward Factors**

- Substantial & sustained improvement in revenue and/or profitability.
- Timely receipt of payments from counterparties.

#### **Downward Factors**

- Lower than expected booking status in terms of area and lease rent.
- Termination of lease agreement with any of the major tenants leading to reduction in occupancy rates and/or cash surplus.

### **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, resorts. Rupa Properties & Securities was the first company under the Rupa Group incorporated in 2005. Since inception, the group has successfully completed 14 Residential, 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 FY2021 audited report.



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### **Favourable project location**

The 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 centres, grocery stores, healthcare centres, education institutes, business centres, 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.

### **Escrow mechanism and structured payment waterfall along with DSRA support**

The main bank loan facility has been structured in the form of a Lease Rental Discounting (LRD) facility. The terms of the LRD facility require that the lease rent receivables from all the tenants to be routed directly to an Escrow Account set up specifically for the repayment of the said LRD facilities. The lease rent amounts deposited into the Escrow Account would be applied towards statutory dues and the scheduled interest and principal repayments of the LRD facilities as per the payment waterfall. Only after fulfilling the repayments towards the LRD facility, any amounts remaining in the Escrow Account would be allowed to be paid out to RRL. Also, there is a creation of DSRA as per bank sanction covenants for an amount equivalent to 3 month’s Principal + Interest, which provides cushion for servicing of company’s debt obligation.

### **Key Rating Weaknesses:**

#### **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.



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**Analytical Approach:** Standalone approach

**Applicable Criteria:**

[Rating Methodology for Infrastructure Companies](#)

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

[Criteria of Rating Outlook | Infomerics Ratings](#)

### **Liquidity – Adequate**

The liquidity position is projected at an adequate level with the cash cover above unity over FY22-FY24. It is expected to improve y-o-y with increase in lease contracts and reducing debt with scheduled repayments. The overall liquidity position of the company is **Adequate**.

### **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.

### **Financials (Standalone)\*:**

(In Crore)

| For the year ended / As on | 31-03-2021 | 31-03-2022    |
|----------------------------|------------|---------------|
|                            | (Audited)  | (Provisional) |
| Total Operating Income     | 0.00       | 3.17          |
| EBITDA                     | 0.00       | -2.18         |
| PAT                        | 0.07       | -63.85        |
| Total Debt                 | 322.05     | 510.22        |
| Tangible Net-Worth         | 241.59     | 177.75        |
| <b>Ratios</b>              |            |               |
| EBITDA Margin (%)          | N/A        | N/A           |
| PAT Margin (%)             | N/A        | N/A           |
| Overall Gearing Ratio (x)  | 1.33       | 2.87          |

\* Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA:** Acuite vide its press release dated October 12, 2021 has classified the rating of bank facilities of RRL under Issuer Not Cooperating status on account of non-submission of relevant information



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**Any other information:** None

**Rating History for last three years:**

| Sr. No. | Name of Instrument/<br>Facilities | Current Ratings (Year 2021-22) |                                       |                     | Rating History for the past 3 years                        |   |   |
|---------|-----------------------------------|--------------------------------|---------------------------------------|---------------------|--|---|---|
|         |                                   | Type                           | Amount outstanding<br>(Rs. Crore)     | Rating              | Date(s) & Rating(s) assigned in 2020-21<br>(Jan. 31, 2022) | Date(s) & Rating(s) assigned in 2020-21 | Date(s) & Rating(s) assigned in 2019-20 |
| 1.      | LRD                               | Long Term                      | 51.97<br>(Reduced from Rs. 52.21 Cr.) | IVR BBB+/<br>Stable | IVR BBB+ /<br>Stable                                       | --                                      | --                                      |
| 2.      | LRD                               | Long Term                      | 84.00                                 | IVR BBB+/<br>Stable | --   | --                                      | --                                      |
| 3.      | LAP                               | Long Term                      | 20.00                                 | IVR BBB/<br>Stable  | --   | --                                      | --                                      |

**Name and Contact Details of the Rating Analyst:**

|   |   |
|---|---|
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### About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

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 (INR Crore) | Rating Assigned/ Outlook |
|------------------|------------------|------------------|----------------|------------------------------|--------------------------|
| LRD              | -                | -                | March-2037     | 84.00                        | IVR BBB+/ Stable         |
| LAP              | -                | -                | March-2026     | 20.00                        | IVR BBB/ Stable          |
| LRD              | -                | -                | September-2037 | 51.97                        | IVR BBB+/ Stable         |
| Total            |                  |                  |                | 155.97                       |                          |

**Annexure 2: List of companies considered for consolidated analysis: Nil**

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

<https://www.infomerics.com/admin/prfiles/Len-Rupa-Renaissance-june22.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: 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)