

February 12, 2025

Keyorbit Realtors Pvt. Ltd: [ICRA]BBB+(Stable) assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long-term fund-based – Term loan	85.00	[ICRA]BBB+(Stable); Assigned
Total	85.00	

*Instrument details are provided in Annexure I

Rationale

The assigned rating of Keyorbit Realtors Pvt. Ltd (KRPL) factors in the favourable location of the project, The Panorama, at Bandra West in Mumbai, along with the healthy cash flow adequacy ratio backed by strong sales and the established experience of the parent Keystone Realtors Limited (KRL), the flagship company of the Rustomjee Group in the real estate market of Mumbai Metropolitan Region (MMR). The Rustomjee Group has a long track record of close to three decades and an established position in the residential real estate market in MMR, underpinned by 25 million square feet (msf) of deliveries till September 2024. Additionally, the Group has an under-construction project portfolio comprising a saleable area of around 7.2 msf as of September 2024 and forthcoming developments of ~26+ msf over the medium term. KRPL's residential re-development project, The Panorama, a luxury project with a total 0.04 msf of saleable area across 15 units, was launched in February 2024. It has received a strong response with bookings for 11 out of 15 units (accounting for 74% of the total saleable area) as of December 2024. The company had healthy committed receivables of Rs. 278.8 crore against the pending project cost of Rs. 222.2 crore and debt outstanding of Rs. 18.0 crore, resulting in a comfortable cash flow adequacy ratio of 116% as of December 2024. KRPL's construction finance loan for the project is backed by a shortfall undertaking from KRL to fund any cost overrun or shortfall in debt servicing. ICRA expects KRL to provide timely financial support to KRPL, for funding shortfall, if any, given their substantial financial linkages, KRPL's strategic importance KRL and KRL's reputation sensitivity to default.

The rating is, however, constrained by the initial stages of project construction with only 9% of the construction cost and 24% of the total project cost incurred as of December 2024. The project faces residual market risks, as 4 out of 15 units (accounting for ~26% of the total saleable area) are yet to be sold as of December 2024. Nevertheless, ICRA draws comfort from KRL's experience in the MMR real estate market and its long track record of successful execution of projects in a timely manner. The rating factors in the company's modest scale of operations as it has a single under-construction residential property with a saleable area of 0.04 msf. Its collections are estimated to be low in the range of Rs. 40.0-45.0 crore in FY2025 and Rs. 95.0-100.0 crore in FY2026. The rating remains constrained by the geographical and asset concentration risks as well as the susceptibility to the cyclical in the real estate sector.

The Stable outlook on the rating reflects ICRA's opinion that the company will be able to achieve adequate collections and construction progress in the project, resulting in an improvement in cash flow operations while maintaining low debt levels.

Key rating drivers and their description

Credit strengths

Strong operational track record and brand strength of Rustomjee Group in real estate sector – The Rustomjee Group has a long track record of close to three decades and an established position in the residential real estate market in MMR, underpinned by 25 msf of deliveries till September 2024. Additionally, the Group has an under-construction project portfolio comprising a saleable area of around 7.2 msf as of September 2024 and forthcoming development of ~26+ msf over the medium term.

Favourable location of project – KRPL’s residential re-development project, The Panorama, is centrally located in Mumbai and is in close vicinity to various amenities like hospitals, schools, beaches etc and is also favourably located to various business districts of Mumbai.

Healthy cash flow adequacy – KRPL’s residential re-development project, The Panorama, a luxury project with 0.04 msf of saleable area across 15 units, was launched in February 2024. It has received a strong response with bookings for 11 out of 15 units (accounting for 74% of total saleable area) as of December 2024. The company had healthy committed receivables of Rs. 278.8 crore against the pending project cost of Rs. 222.2 crore and debt outstanding of Rs. 18.0 crore, resulting in a comfortable cash flow adequacy ratio of 116% as of December 2024.

Credit challenges

Exposed to execution and market risk; modest scale of operations – The company is exposed to execution risks as the project is in the initial stages of construction with only 9% of the construction cost and 24% of the total project cost incurred as of December 2024. The project faces residual market risks as 4 out of 15 units (accounting for ~26% of the total saleable area) are yet to be sold as of December 2024.

The company’s scale of operations is modest as it has a single under-construction residential property with a saleable area of 0.04 msf and collections are estimated to be low in the range of Rs. 40.0-45.0 crore in FY2025 and Rs. 95.0-100.0 crore in FY2026.

Geographical and asset concentration risks – The company is dependent on a single ongoing residential project, which is limited to the real estate market in MMR region, thereby exposing it to high geographical and asset concentration risks. Any adverse development in the region can impact the execution and sales of the project.

Exposure to cyclicity in real estate sector – The residential real estate sector, being cyclical in nature, is highly dependent on macro-economic factors, which exposes the company’s sales to any downturn in demand and competition within the region from various other developers.

Liquidity position: Adequate

The liquidity position remains adequate, given the adequate committed receivables of Rs. 278.8 crore available from the project and undrawn bank limits of Rs. 67.0 crore as of December 2024. Against this, the project has pending construction cost of Rs. 222.2 crore as of December 2024. Further, the principal repayments commence from February 2027, which is expected to be adequately met through its cash flow from operations.

Rating sensitivities

Positive factors – The rating may be upgraded if the company is able to demonstrate a significant increase in scale, along with improvement in cash flow operations, backed by strong collections, while maintaining low debt levels, on a sustained basis.

Negative factors – Significant delays in project execution and/or subdued collections resulting in a considerable increase in reliance on external debt, or any debt-funded investments impacting the company’s debt protection metrics, would be a credit negative. Additionally, weakening of linkages with KRL, or deterioration in KRL’s credit profile could result in a rating downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Commercial/Residential/Retail
Parent/Group support	Support Provider: Keystone Realtors Limited (KRL) ICRA expects the parent, KRL, to provide timely financial support to KRPL, for funding shortfall, if any, given their substantial financial linkages, KRPL's strategic importance for the parent and parent's reputation sensitivity to default.
Consolidation/Standalone	The assigned rating is based on the issuer's standalone financial statements

About the company

Keyorbit Realtors Pvt. Ltd (KRPL) was established in January 2023 for executing residential projects. KRPL is 90% held by Keystone Realtors Limited, which is a flagship entity of the Rustomjee Group and is rated [ICRA] A (Positive). The balance 10% is held by Mt. K Resi Development Fund (AIF Category II fund), which is managed by MT K Kapital Private Limited. Mt. K Kapital is a real estate investment and fund management company with the Rustomjee Group acting as development partner.

KRPL is developing a residential project called The Panorama by Rustomjee in Pali Hill, Bandra West, Mumbai. The project consists of one high rise building with total 25 units (majorly 4 BHKs). The total project cost of Rs. 292.4 crore will be funded by debt of Rs. 85 crore, equity of Rs. 25 crore and the balance through customer advances.

Key financial indicators (audited)

Not Applicable as it is a project stage company.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2025)			Chronology of rating history for the past 3 years					
				FY2024		FY2023		FY2022	
	Type	Amount rated (Rs. crore)	Feb 12, 2025	Date	Rating	Date	Rating	Date	Rating
Term loan – Fund based	Long term	85.00	[ICRA]BBB+ (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund based – Term loan	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's

credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loan	May 14, 2024	NA	FY2028	85.00	[ICRA]BBB+(Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis- Not Applicable

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