

November 05, 2024

One Boat Club Constructions and Real Estate Private Limited: [ICRA]BBB+ (Stable) assigned

Summary of rating action

Instrument [^]	Current Rated Amount (Rs. crore)	Rating Action
Long-term - Fund based - Term loans	680.00	[ICRA]BBB+ (Stable); assigned
Total	680.00	

[^] Instrument details are provided in Annexure-I

Rationale

The assigned rating for One Boat Club Constructions and Real Estate Private Limited (OBCCREPL) factors in the strong promoter profile, wherein 80% stake is held by Canada Pension Plan Investment Board (CPPIB) and 20% by the RMZ Group (through Millennia Realtors Private Limited (rated [ICRA]A+ (Stable))). The RMZ Group has a strong execution and leasing track record and is one of the leading players in the commercial real estate segment with over 25 million square feet (msf) of development across several cities. The rating derives comfort from the favourable location of the project at Sangamwadi, Pune, which is near Koregaon Park micromarket. This enhances marketability of the project and is likely to translate into adequate pre-leasing by the scheduled completion. The rating further notes the low funding risk with construction finance (CF) debt tie-up and significant part of the equity (95%) has already been infused by the promoters of September 2024. The presence of reputed promoters lends strong financial flexibility to the company.

The rating, is however, constrained by the company's exposure to execution risks as the project is in nascent stages. Nevertheless, the risk is mitigated by the strong execution track record of the RMZ Group in timely completion of large-size projects. There has been no pre-leasing as on date, which exposes the company to high market risks. Any delay in project completion or inadequate leasing may adversely impact its refinancing ability (CF loan has a bullet repayment due in July 2029). However, these risks are mitigated by the sponsors' leasing track record and strong financial flexibility.

The Stable outlook reflects ICRA's expectations that the company will benefit from the favourable location of the project, which enhances its marketability, along with strong leasing track record of the sponsor, leading to adequate leasing for the project.

Key rating drivers and their description

Credit strengths

Strong promoter profile with established track record in commercial real estate business – OBCCREPL is a special purpose vehicle, wherein 80% stake is held by CPPIB and 20% by the RMZ Group (through MRPL). The RMZ Group has a strong execution and leasing track record and is one of the leading players in the commercial real estate segment with over 25 million square feet (msf) of development across several cities.

Favourable location of project – The project, RMZ Helix, is in Sangamwadi, Pune, which is near (2.5 km) the Koregaon Park micromarket. Further, the project is easily accessible from major residential catchments like Rahatani, Balewadi, Baner, Aundh, Pashan, Bavdhan, Kothrud and Warje (within 15-30 min drive). This enhances marketability of the project and is likely to translate into adequate pre-leasing by the scheduled completion.

Low funding risk with majority of equity already infused and debt is tied-up – The project has low funding risk with CF debt tie-up and significant part of the equity (95%) has already been infused by the promoter group as of September 2024. The presence of strong promoters lends healthy financial flexibility to the company.

Credit challenges

Execution risk given nascent stage of construction – The project involves the development of 1.0 msf of leasable office space in Sangamwadi, Pune. The approvals required for the commencement of the construction are already in place and the construction is likely to be completed by July 2029. Given the nascent stage of the project at present, it is exposed to execution risks. Nevertheless, the risk is mitigated by the strong execution track record of the RMZ Group in timely completion of large-size projects.

Exposure to significant market risks – There has been no pre-leasing as on date, which exposes the company to high market risks. Despite the Group's track record, the company is expected to achieve significant lease debt tie-ups before the completion of the project.

Refinancing risks – Any delay in project completion or inadequate leasing may adversely impact its refinancing ability (CF loan has a bullet repayment due in July 2029). However, these risks are mitigated by the sponsors' leasing track record and strong financial flexibility.

Liquidity position: Adequate

The company's liquidity position is adequate, supported by an adequate undrawn construction finance loan of Rs. 655 crore as of August 2024. Further, around 95% of the equity required is infused in the project. The CF has a bullet repayment due in July 2029.

Rating sensitivities

Positive Factors – Significant leasing at adequate rental rates mitigating the refinancing risk while maintaining the adequate debt protection metrics, could lead to an upgrade in the rating.

Negative Factors – Pressure on the rating could emerge, if there is a material delay in construction progress, or inability to ramp-up leasing at adequate rental rates impacting the company's ability to timely refinance the CF loan.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Lease Rental Discounting (LRD)
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

One Boat Club Constructions and Real Estate Private Limited is a special purpose vehicle (SPV) incorporated for the execution of the **RMZ Helix** project located in Pune. The SPV is 80% held by CPPIB and 20% by the RMZ Group. The project involves the development and leasing of 1.0 msf of office space in Sangamwadi, Pune, on a 2.73-acre land parcel. The total cost of the project is Rs. 1,195 crore, which is being funded by a debt:equity of 1.33:1.

Key financial indicators

Not applicable being 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							
	Type	Amount Rated (Rs. crore)	FY2025		FY2024		FY2023		FY2022	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loans	Long-term	680.00	05-Nov-2024	[ICRA]BBB+ (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term - Fund Based - Term loans	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 loans	FY2024	-	FY2030	680.00	[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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