

## Piramal Sunteck Realty Private Limited

| Instrument         | Amount<br>(Rs. crore) | Rating Action               |
|--------------------|-----------------------|-----------------------------|
| Proposed Term Loan | 100.00                | [ICRA]BBB (Stable) Assigned |

ICRA has assigned a long-term rating of **[ICRA]BBB** (pronounced ICRA triple B) to the Rs. 100.00 crore<sup>1</sup> proposed term loan facilities of Piramal Sunteck Realty Private Limited (PSRPL)<sup>2</sup>. The outlook on the long-term rating is **Stable**.

The rating positively takes into account the extensive experience of the JV partner, Sunteck Realty Limited, in the real estate sector, having developed over 23 million sft of area over the past seven years. The rating further draws comfort from the high financial flexibility provided by the other JV partner, Piramal Realty Private Limited (PRPL), part of the Ajay Piramal Group that will enable it to support the funding requirements of the project. The rating also draws comfort from the clear land title for the project as well as the receipt of key regulatory approvals—including Coastal Regulation Zone (CRZ) Clearance, Fire NOC, Environmental Clearance, Commencement Certificate (upto plinth) and building layout—which alleviate the regulatory risks.

The rating, however, is constrained by significant execution risks, as the project is at the nascent stages with footing and rafting work currently underway. Furthermore, with a single project being developed currently, the company's financial flexibility would largely depend on the booking level and collection efficiency of the 'Signia Waterfront' project. The project is also exposed to considerable market risks, as the formal launch is due in Q2 FY2017, heightened by the risk of slowdown in demand, stagnating property prices and the inherent cyclicity in the real estate sector. With 24% of the project cost to be funded through customer advances, timeliness of sales as well as collections remains critical. However, the favourable location of the project, coupled with the company's prior experience in the project location, provide some comfort.

Going forward, the ability of the company to complete the project as per the scheduled timelines, achieve healthy sales velocity and collect advances in an efficient manner, will be the key rating sensitive factors.

### Company Profile

Piramal Sunteck Realty Private Ltd. (PSRPL) is a 50:50 joint venture (JV) between Sunteck Realty Limited (SRL) and Piramal Realty Private Limited (PRPL). Incorporated in 2007, PSRPL is engaged in real estate development in Maharashtra. The company has completed two residential projects and is currently developing the third project—'Signia Waterfront'—with a total saleable area of 2.91 lakh sq. ft., at Airoli in Navi Mumbai. The project would be equipped with modern amenities including a swimming pool, amphitheatre, multipurpose court, gymnasium, party lawn etc.

For the year ended 31 March 2015, the company reported a profit after tax (PAT) of Rs. 0.76 crore on an Operating Income (OI) of Rs. 37.60 crore. For the year ended FY2016, the company reported a PAT of Rs. 1.47 crore on an OI of Rs. 22.53 crore (unaudited).

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<sup>1</sup> 1 crore = 100 lakh = 10 million

<sup>2</sup> For complete rating scale and definitions, please refer to ICRA's website ([www.icra.in](http://www.icra.in)) or other ICRA rating publications.



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