

## Omkar Realtors Project Private Limited

Instrument	Amount	Rating Action (May 2016)
Non Convertible Debenture	Rs. 172.49 crore	[ICRA]BB (stable) assigned

ICRA has assigned the long term rating of [ICRA]BB (pronounced ICRA double B)<sup>1</sup> to Rs. 172.49 crore<sup>2</sup> Non Convertible Debenture (NCD) programme of Omkar Realtors Project Private Limited (ORPPL / the company). The outlook on the long term rating is Stable.

The assigned rating favourably factors in the established position and track record of the promoter (Omkar Group) in real estate development with an experience of over a decade. The Omkar Group, via its Special Purpose Vehicle (SPV), Omkar Realtors Project Private Limited (ORPPL/the developer), is undertaking the development of the residential project, Omkar One Racecourse (OOR). OOR is being developed under the Slum Rehabilitation Scheme (SRS) of the Slum Rehabilitation Authority (SRA). The group has a demonstrated expertise of executing various residential projects in the past under the slum rehabilitation and redevelopment segment of the real estate domain.

The rating, however, is constrained by exposure to regulatory risks with certain requisite approvals which yet to be received for the entire project, as well as high implementation risks with the project execution yet to commence. As of May-16, the project has received the rehab building commencement of construction certificate (CC) till the plinth level for a part of the total land parcel (Saibaba Nagar, accounting for nearly 50% of the total area). ORPPL is presently carrying out the process of tenant evacuation and relocation along with site clearance in this part of the project. Going forward, any delay in receipt of approvals can have a bearing on the project execution and timelines. ICRA has taken note of the on-going litigation between a tenant association and the Slum Rehabilitation Authority (SRA) with regards to the project and will continue to monitor the same. The company also remains exposed to the risks inherent in SRS projects, as any delays in execution of the rehabilitation phase can adversely impact the project progress. However the group's demonstrated experience in SRS projects alleviates the risks to some extent. The proposed NCD is to be repaid in a bullet instalment at the end of a two year period. Given the short maturity profile of the debt coupled with the nascent stage of the project, timely refinancing of the NCD remains critical. The rating further factors in the high market risk as the project is yet to be launched. Further, with ~80% of the proposed project cost to be met through customer advances, the timeliness of sales as well as collections remains critical to avoid cash flow mismatches. On account of premium segment positioning of the project, the sale velocity is expected to remain slow. However, favourable location of the project at Mahalaxmi, which enjoys proximity as well as connectivity to the emerging Alternative Commercial Business District (CBD) in the South & Central micro market of Mumbai as well as South Mumbai (the traditional CBD and prime residential space), provides comfort.

### Company Profile

Omkar Realtors Projects Private Limited (ORPPL or the company) is a closely held private limited company incorporated by the Omkar Group (the group). ORPPL, which is a special purpose vehicle (SPV) of the Omkar Group, is currently undertaking the development of the project Omkar One Racecourse (OOR). OOR is a residential project located at Mahalakshmi, Mumbai and is being developed under the Slum Rehabilitation Scheme (SRS) of the Slum Rehabilitation Authority (SRA). Mumbai based Omkar Group comprises of a consortium of companies promoted and managed jointly by the Gupta and the Verma Family. The group is primarily engaged in the business of Real Estate development and has developed various residential and commercial projects in Mumbai especially in the SRS projects and redevelopment projects in the past.

**May 2016**

<sup>1</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.

<sup>2</sup> 100 lakh = 1 crore = 10 million



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