

November 07, 2017

## One Point Realty Private Limited

### Summary of rated instruments

Instrument*	Rated Amount (Rs. crore)	Rating Action
Non-fund Based – Bank Guarantee	14.27	[ICRA]BB (Stable); Reaffirmed
<b>Total</b>	<b>14.27</b>	

\*Instrument details are provided in Annexure-1

### Rating action

ICRA has reaffirmed the long-term rating of [ICRA]BB (pronounced ICRA double B)<sup>1</sup> on the Rs. 14.27-crore<sup>2</sup> bank facilities of One Point Realty Private Limited (OPRPL). The outlook on the long-term rating is Stable.

### Rationale

The assigned rating continues to favourably factor in the experience of OPRPL's promoters in the real estate industry with a track record of project execution in other Group companies. The rating also factors in the reduced approval costs and execution commitments post the migration of a part of land under a Government scheme. The ratings, however, are constrained by the modest sales progress amid overall sluggishness in the sector. ICRA notes that the company remains external debt free and hence has been progressing in tandem with the collections. However, in the backdrop of RERA<sup>3</sup> compliance, timeliness of promoter support will be crucial to remain committed to timelines. Moreover, the company's ability to successfully enhance the bookings and collections over the revised project scope will be the key rating sensitivities. ICRA also factors in the absence of any external debt and availability of interest-free unsecured loans from the promoters, in case of any shortfall.

### Key rating drivers

#### Credit strengths

- **Over two decades of experience of promoters in real estate industry** – The company is a part of the One Group and was incorporated in 2005 for the development and delivery of One City, Rohtak. Promoters have delivered a number of projects through their Group companies and have more than two decades of experience.
- **Low committed outflows** – The company has fully acquired the land and has already paid the entire amount of EDC<sup>4</sup> charges for the current year. Also, the company is registered under RERA, which mitigates approval risks to a large extent. As of now, the project is 77% complete as compared to 72% in the previous year. Further, the shift to Deen Dayal Migration Scheme has led to the overall committed outflow reducing. The collection efficiency is comfortable at 98%. This apart, the company has no external debt where regular repayment is required and interest-free unsecured loans from promoters have been supporting execution as well.

<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

<sup>3</sup> RERA means 'Real Estate Regulatory Agency'

### Credit weakness

- **Vulnerability of demand to sluggishness in the sector** – Given the slowdown in the sector and falling property prices, the company’s sales have been weak, although with some pick up has been witnessed in the recent months. The sales progress was hampered in FY2017 by demonetisation and uncertainty over prices due to implementation of GST (Goods and Services Tax). At present, the project has sold 64% of the area as compared to 61% in FY2017. In the absence of revival in sales and collection velocity, the company will remain dependent on increased promoter support.

**Analytical approach:** For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

### Links to applicable criteria

[Corporate Credit Rating Methodology](#)

[Rating Methodology for Real Estate Entities](#)

### About the company

One Point Realty Private Limited (OPRL) was incorporated in June 2005 by Mr. Sunil Kumar Jain, who has more than two decades of experience in real estate business. One Point Realty is a group company of the ‘One Group’. The group has concluded many projects like One Mall, Indirapuram; One Square, Indirapuram; One Mart, Vasundhara; One Farms, Sohna and One City Hathras Road, Agra through its various group companies.

The One Group through its group companies like Spice One Builders, One Height Developers, Clean Leasing and Finance, One Height Colonizers, Doon Height Developers etc. owns approximately 90 acre land parcel in Sector - 37, Rohtak, Haryana. Currently, OPRL is acting as a developer for a plotted development project spread across 73.09 acre of land parcel in Sector - 37, Rohtak.

In FY2017, on a provisional basis, the company reported a net profit of Rs. 0.01 crore on an OI of Rs. 2.67 crore compared with a net profit of Rs. 0.01 crore on an OI of Rs. 4.44 crore in the previous year. The rated limits are towards the bank guarantee extended for the EDC.

### Key financial indicators (Audited)

	FY2015	FY2016
Operating Income (Rs. crore)	4.25	4.44
PAT (Rs. crore)	0.00	0.01
OPBDIT/ OI (%)	2.82%	-21.55%
RoCE (%)	9.66%	6.56%
Total Debt/TNW (times)	2.51	2.95
Total Debt/OPBDIT (times)	65.37	-9.67
Interest Coverage (times)	0.11	-1.27
NWC/OI (%)	1.95%	2.19%

*OI: Operating Income; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; ROCE: PBIT/Avg (Total Debt + Tangible Net-Worth + Deferred Tax Liability - Capital Work - in Progress);*

*NWC: Net Working Capital*

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years**
**Table**

S. No.	Instrument	Current Rating (FY2018)				Chronology of Rating History for the past 3 years			
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2017	Date & Rating in FY2016	Date & Rating in FY2015	
					November 2017	June 2016	Aug 2015	Aug 2014	
1	Bank Guarantee	Long Term	14.27	14.27	[ICRA]BB (Stable)	[ICRA] BB (Stable)	[ICRA] BB (Stable)	[ICRA] BB (Stable)	

**Complexity level of the rated instrument**

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

**Annexure-1**  
**Instrument Details**

<b>ISIN No</b>	<b>Instrument</b>	<b>Date of Issuance / Sanction</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Amount Rated (Rs. crore)</b>	<b>Current Rating and Outlook</b>
-	Bank Guarantee	-	-	-	14.27	[ICRA]BB(Stable)

Source: One Point Realty Private Limited

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About ICRA Limited:

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