Acuité
RATINGS & RESEARCH

Rating Letter - Intimation of Rating Action

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Letter Issued on : February 15, 2024
Letter Expires on : December 19, 2024
Annual Fee valid till : December 19, 2024

PRATEEK REALTORS INDIA PRIVATE LIMITED
BASEMENT,
C-177, RAMPRASTHA,
Ghaziabad 201011
UTTAR PRADESH

Kind Attn.: Mr. Naresh Sharma, General manager (Tel. No.8448141287)

Sir / Madam,

Sub.: Rating(s) Assigned - Debt Instruments of PRATEEK REALTORS INDIA PRIVATE LIMITED

Please note that the current rating(s) and outlook, instrument details, and latest rating action for the aforementioned instrument are as under:

	Long Term Instruments	Short Term Instruments
Total Rated Quantum (Rs. Cr.)	325.00	0.00
Quantum of Enhancement (Rs. Cr.)	0.00	0.00
Rating(s)	ACUITE C	Not Applicable
Outlook	Not Applicable	Not Applicable
Most recent Rating Action(s)	Assigned	Not Applicable
Date of most recent Rating Action(s)	February 15, 2024	Not Applicable
Rating Watch	Not Applicable	Not Applicable

Acuité reserves the right to revise the rating(s), along with the outlook, at any time, on the basis of new information, or other circumstances which Acuité believes may have an impact on the rating(s). Such revisions, if any, would be appropriately disseminated by Acuité as required under prevailing SEBI guidelines and Acuité 's policies.

This letter will expire on **December 19, 2024** or on the day when Acuité takes the next rating action, whichever is earlier. It may be noted that the rating(s) is subject to change anytime even before the expiry date of this letter. Hence lenders / investors are advised to visit https://www.acuite.in/ OR scan the QR code given above to confirm the current outstanding rating(s).

Acuité will re-issue this rating letter on **December 20, 2024** subject to receipt of surveillance fee as applicable. If the rating(s) is reviewed before **December 19, 2024**, Acuité will issue a new rating letter.

Please note that under extant SEBI regulations and as per the terms of the rating agreement, once a rating is accepted and outstanding, the issuer is required to promptly furnish the 'No Default Statement' on the first working day of every month.

Acuité Ratings & Research Limited MUMBAI

Antony Jose
Chief Rating Officer

Annexures: A. Details of the Rated Instrument

Annexure A. Details of the rated instrument			
Instruments	Scale	Amt. (Rs. Cr)	Rating Assigned (Outlook) | Rating Action
Proposed Non Convertible Debentures	Long-term	325.00	ACUITE C | Assigned
Total Quantum Rated		325.00	-

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Any inadvertent omission or error in the rating letter which is discovered or brought to the notice of Acuite shall be rectified as soon as reasonably practicable not later than 48 hours of such discovery or notice. Such error or omission shall not render Acuite liable to any person for any kind of loss or damage including, but not limited to, any special, incidental, indirect or consequential damages caused by errors or omissions, provided such omission or error is rectified as soon as possible after discovery/notice.

Acuite RATINGS & RESEARCH

Press Release

February 15, 2024

PRATEEK REALTORS INDIA PRIVATE LIMITED
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Non Convertible Debentures (NCD)	325.00	ACUITE C | Assigned | Provisional To Final	-
Total Outstanding	325.00	-	-

Rating Rationale

Acuite' has converted and assigned its long term rating of **' ACUITE C' (read as ACUITE C**) from **'Provisional ACUITE C' (read as Provisional Acuite C)** on the Rs.325.00 Cr. Non Convertible Debentures of Prateek Realtors India Private Limited.

The final conversion reflects satisfactory completion of the documentation as required by Acuite` with the receipt of following final documents from the company:
1. Final Term sheet.
2. Draft debenture trust deed.
3. Legal opinion- not applicable.

Rationale for rating assigned
The rating assigned takes into account the established track record of the group and promoters in the real estate development industry for more than ten years. The group has established to develop affordable group housing project Grand City having 40 acres' land area located at Siddhartha Vihar, Ghaziabad. However, the rating is constrained by geographical concentration in the revenue profile, past delays in completion of the project and susceptibility of cyclicality in completion of real estate projects. Further, the company had also defaulted in its payment of NCD. Going forward, Acuite' expects the financial risk profile and liquidity of the company to improve with refinancing through the issue of NCD of Rs.325 Crore.

About the Company
Delhi based Prateek Realtors India Private Limited (PRIPL) was incorporated on 16th Dec 2009. It is promoted by Mr. Prashant Kumar Tiwari (& family) who holds 100% of the company directly or through group companies (Prateek Buildtech India Private Limited – 93% and Prashant Kumar Tiwari – 7%). PRIPL is a Real Estate Development company which is developing affordable Group Housing Project Grand City having 40 acres' land area and ~8.3 mn saleable area (Phase 1: 3.1 mn square feet, Phase 2: 2.0 mn square feet, Phase 3: 3.1 mn square feet), located at Siddhartha Vihar, Ghaziabad. The First 2 phases of project were launched in 2015 and are nearing completion, 3rd phase of project is yet to be launched. Prateek Group has substantial presence in Noida and Ghaziabad and has delivered 7.9 mnsft (6 projects) in Delhi NCR. The current director of Company is Mr. Prateek Tiwari and Mr. Prasant Kumar Tiwari.

Unsupported Rating
Not applicable.

Analytical Approach
Acuite has considered the standalone approach on the business and financial risk profile of Prateek Realtors India Private Limited to arrive at rating.

Key Rating Drivers

Strengths
Experienced Promoters with established track record of operations
Prateek group was incorporated in 2005. The promoter of the company Mr. Prashant Tiwari has experience of more than a decade in this line of business. The group has substantial presence in Noida and Ghaziabad and has delivered

7.9 mnsft (6 projects) in Delhi NCR such as The Royal cliff, Prateek Fedora, Prateek laurel, Prateek wisteria and Prateek Edfice, and Prateek Stylome. The company is developing affordable Group Housing Project Grand City having 40 acres' land area and ~8.3 mn saleable area (Phase 1: 3.1 mn square feet, Phase 2: 2.0 mn square feet, Phase 3: 3.1 mn square feet), located at Siddhartha Vihar, Ghaziabad. The cost of construction for Phase 1 and Phase 2 is Rs.1291 crore.

Weaknesses

High Dependence on refinancing for sustainability of operations

PRIPL has liquidity issues due to delay in project construction. There have been delay in repayments of existing NCD's issued by Asia Real Estate II India Opportunity Trust.In order to re finance its loan obligation, group is planning to issue NCDs to clear the dues and complete the project. However, successful refinance is dependent upon the compliance of various precedent conditions laid down in the term sheet. Timely refinance of the debt would be the key rating sensitivity.

Susceptibility to Real Estate Cyclicality, Geographical concentration and regulatory risks

The real estate industry in India is highly fragmented with most of the real estate developers having a city-specific or region-specific presence. Most of SIPL's past and ongoing projects are located in Delhi NCR - This increases PRIPL's susceptibility to geographical concentration risk. The real estate industry is cyclical in nature of business and subject to price and interest rate risk, among others. Further, the industry is also exposed to regulatory risk, which can impact project execution.

Rating Sensitivities

Timely refinancing by issuance of NCD.

Liquidity Position

Poor

The liquidity position is poor due to cashflows of the company being inadequate to service the repayment obligation. Hence, PRIPL has defaulted in its repayment of NCD. However, with the debt refinancing and issuance of proposed NCDs, liquidity of PRIPL may improve in near to medium term. PRIPL is mainly dependent on collection of receivables from sold units, NCD proceeds and sale proceeds from unsold units for project funding and NCDs repayment obligation. Timely collection of these receivables from old units will be key monitor able for the assessment of liquidity position of PRIPL.

Outlook

Not applicable.

Other Factors affecting Rating

None.

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	138.88	70.37
PAT	Rs. Cr.	(114.41)	(117.27)
PAT Margin	(%)	(82.38)	(166.66)
Total Debt/Tangible Net Worth	Times	(4.57)	(15.47)
PBDIT/Interest	Times	(5254.95)	(1281.49)

Status of non-cooperation with previous CRA (if applicable)

None.

Any other information

None.

Applicable Criteria

• Default Recognition :- https://www.acuite.in/view-rating-criteria-52.htm
• Infrastructure Sector: https://www.acuite.in/view-rating-criteria-51.htm
• Application Of Financial Ratios And Adjustments: https://www.acuite.in/view-rating-criteria-53.htm

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite' s categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on **www.acuite.in**

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
31 Jan 2024	Proposed Non Convertible Debentures	Long Term	325.00	ACUITE Provisional C (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Non Convertible Debentures	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	325.00	Simple	ACUITE C | Assigned | Provisional To Final

Contacts

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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