Glider Buildcon Realtors Private Limited

April 07, 2022

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating[1]	Rating Action
Long Term Bank Facilities	1,000.00	CARE BBB; Stable (Triple B; Outlook: Stable)	Reaffirmed; Outlook revised from Negative
Total Bank Facilities	**1,000.00 (Rs. One Thousand Crore Only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The reaffirmation in the rating of the bank facilities of Glider Buildcon Realtors Private Limited (GBRPL) continues to derive strength from strong parentage and resourceful promoters- Ajay Piramal group and presence of marquee private equity players i.e. Goldman Sachs and Warburg Pincus in PRL Developers Pvt Ltd (holding company of GBRPL), demonstrated financial ability of promoters to raise funds or refinance borrowings. The rating also factors experienced management in real estate business, development in approval status of the projects and favourable locations of the projects under development.

The above rating strengths, however continue to be tempered by muted demand in high ticket size real estate residential sales leading to a low sales momentum, nascent stage of the on-going projects, and high dependence on customer advances for funding the remaining portion of the project.

Rating Sensitivities

Positive Factors - Factors that could lead to positive rating action/upgrade:

- If area booked as percentage of area launched for sales improves to above 75%.
- If committed receivables as % of pending project cost and debt outstanding improves to more than 60%.

Negative Factors- Factors that could lead to negative rating action/downgrade:

- Any reduction in Piramal groups shareholding
- Any deterioration in the promoter's credit profile or market perception

Outlook: Stable

CARE has revised outlook from negative to stable due to significant improvement in YTD collections compared to FY21 and also due to strong liquidity position of the company. During current year, combined collection received from both projects amounted to ~Rs. 1100 crore with collection efficiency (total collection/demand raised) of ~80.82%.

Detailed description of the key rating drivers

Key Rating Strengths

Strong parentage, healthy access to funds under resourceful promoters and presence of marquee PE investors

Glider Buildcon Realtors Pvt. Ltd. (GBRPL) is a part of Ajay Piramal group, with Sri Gopalkrishna Trust (SGT) being the ultimate parent of the company. SGT is also the largest shareholder of Piramal Enterprises Limited (PEL), Flagship Company of the Ajay Piramal Group with market capitalization of around ~ Rs. 52,193 crore as on March 31, 2022. The combined shareholding of Ajay Piramal along with his family members and trust stood at 57.7% in PRL Developers Private Limited, holding company of Glider Buildcon Private Limited (99.98% holding in GBRPL).

The group has diversified operations with presence in Healthcare, Financial Services, Real estate, and glass manufacturing. Being part of the Group provides financial flexibility to the company as promoters may infuse funds in the company if the need arises and may also help the company in raising funds from lenders as well as investors. Besides, marquee private equity investors such as Goldman Sachs and Warburg Pincus have together invested ~Rs.1500 crore in the company by subscribing to compulsorily convertible preference shares (CCPS) to support the projects undertaken by the realty arm of Piramal group.

Favourable location of the projects

By virtue of its central location, Mahalaxmi and Byculla enjoy superior connectivity to established commercial and residential hubs of Mumbai such as Nariman Point, Fort, Ballard Estate, Bandra Kurla Complex, Worli, Prabhadevi, Mahalaxmi, etc. These micro-markets have an extensive network of bus and rail and comprise of posh residential localities, malls, schools and have always witnessed constant attention from investors and end users.

[1]Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Development in approval status of the projects
In Mahalaxmi project, the company has planned to build three saleable towers with 64 floors for each South and central tower and 66 floors for North tower excluding seven levels of podium parking and three levels of amenities area. As on Dec 31, 2021, the company has received approvals such as Fire NOC, Highrise NOC etc as per its project plan. For Mahalaxmi project, South and Central towers have received CC till 45 floors and north tower has received CC till 41 floors. In Aranya project, the company has planned to build four saleable towers with 41 floors for Wing A, 72 floors for Wing B, 49 floors for Wing C1 and CC for same has been received. The fourth tower C2 is planned to have 56 floors and CC for 5 floors has been received till date. Considering progress of the project, the company's approval status seems to be adequate.

Key Rating Weaknesses

Muted demand in high ticket size real estate residential sales leading to decline in the company's sales momentum
The company's projects are located in premium localities of South Mumbai with average ticket size of residential units ranging upwards of ~Rs.3-4 Crore. Slowdown in the real estate industry had higher impact on the premium/high ticket sales as compared to the affordable segment, which has seen policy support from the government. In order to create demand in the sector the government announced measures such as increasing the limit on interest paid on loans taken for affordable housing to Rs.3.5 lakh from Rs.2 lakh earlier for self-occupied property. The Maharashtra Government also reduced the stamp duty on registration of house properties to 2% for Q3FY21 to boost sales. However, the premium/high ticket segment continues to witness muted demand and also the effect of the lockdown and related restrictions imposed due to Covid-19 earlier has also led to subdued overall demand in the real estate industry. This has impacted sales momentum for both the projects of the company. However, during CY22 the company's new bookings for Mahalaxmi project improved to ~1.33 lsf from ~0.52 lsf during the same period last year while new bookings of Aranya during CY22 declined to ~0.44 lsf from 1.46 lsf in the same period last year.

Nascent stage of the ongoing projects
The company's both the projects are still at initial stages of the construction. In case of Mahalaxmi project, which is redevelopment project, the company has incurred 41.6% of the budgeted project cost. However, the construction of sale building is still at very nascent stage with the company incurring ~12% of the budgeted construction cost till December 31, 2021. Similarly, for its Piramal Aranya project the company had incurred ~29.5% of the budgeted construction cost till December 31, 2021. With majority of the construction work still to be done the execution risk remains in the project. Nevertheless, the company has employed reputed contractors such as L & T (for Piramal Aranya) and Capacite Infra (for Piramal Mahalaxmi) which mitigates the project execution risk to an extent.

High dependence on customer advances for completing the remaining project
For completing the ongoing projects, the company is still to incur approximately Rs.4,432.9 crore towards the two projects. However, as the company has already availed majority of its planned debt towards the projects. Hence, GBRPL may have to rely primarily on customer advances for completing the remaining portion of the construction. Hence, going forward, the company's ability to ramp up its sales momentum will remain crucial for the company from credit perspective.

Liquidity: Adequate
The fund-based limits in form of OD limits of Rs. 150 crores have not been utilized since August 2021. The company has bank balance of Rs. 154 crores in Yes Bank Limited and 34.7 crores in HDFC bank as at March 30, 2022. The company also has mutual funds of Rs. 65 crores. Liquidity is sufficient to meet its debt repayments for the subsequent year. The promoters have infused funds of approximately Rs 140 Crs in the current year and will continue to do so if required.

Analytical approach: Standalone factoring linkages with promoter Ajay Piramal Group. CARE expects Ajay Piramal group to extend need based financial support to PAPL given strategic importance for the group.

Applicable Criteria
Criteria on assigning Outlook and Credit Watch to Credit Ratings
CARE's Policy on Default Recognition
Financial ratios – Non-Financial Sector
Factoring Linkages Parent Sub JV Group
Rating Methodology – Real Estate Sector
Liquidity Analysis of Non-Financial Sector Entities
Complexity Level of Rated Instruments

About the Company
Glider Buildcon Realtors Pvt. Ltd. (GBRPL), erstwhile Glider Buildcon LLP later converted into a private limited company on June 22, 2015, is engaged in the business of Real Estate development. GBRPL is wholly owned subsidiary of PRL Developers Private Limited (PDPL). GBRPL is developing 2 projects in Mumbai, one at Mahalaxmi – Piramal Mahalaxmi with total saleable area (GBPL's share) of ~21.75 lsf and other at Byculla - Piramal Aranya with total saleable area of ~23.74 lsf.

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	9M FY22 (UA)
Total operating income	161.46	116.26	NA
PBILDT	32.84	-70.45	NA
PAT	-95.50	-120.12	NA
Overall gearing (times)	5.47	7.60	NA
Interest coverage (times)	0.25	-0.90	NA

A: Audited; UA: Unaudited; NA: Not Available

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure 4

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	May 2025	850.00	CARE BBB; Stable
Fund-based - LT-Bank Overdraft	-	-	-	May 2025	150.00	CARE BBB; Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-2023	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020
1	Fund-based - LT-Term Loan	LT	850.00	CARE BBB; Stable	-	-	1)CARE BBB; Negative (05-Mar-21) 2)CARE BBB; Negative (08-May-20) 3)CARE BBB; Stable (07-Apr-20)	-
2	Fund-based - LT-Bank Overdraft	LT	150.00	CARE BBB; Stable	-	-	1)CARE BBB; Negative (05-Mar-21) 2)CARE BBB; Negative (08-May-20) 3)CARE BBB; Stable (07-Apr-20)	-

* Long Term / Short Term

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Not Applicable

Annexure 4: Complexity level of various instruments rated for this company

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Bank Overdraft	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure 5: Bank Lender Details for this Company
To view the lender wise details of bank facilities please **click here**

Note on complexity levels of the rated instrument: CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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