

Sunteck Realty Limited
March 21, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	-	-	Reaffirmed at CARE AA-; Stable; Outlook revised from Positive to Stable and withdrawn
Long Term / Short Term Bank Facilities	-	-	Reaffirmed at CARE AA-; Stable/A1+; Outlook revised from Positive to Stable and withdrawn
Issuer Rating	-	-	Reaffirmed at CARE AA-; Stable; Outlook revised from Positive to Stable and withdrawn
Non-Convertible Debentures	-	-	Reaffirmed at CARE AA-; Stable; Outlook revised from Positive to Stable and withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings for the long term and short-term bank facilities/ long term instruments/ issuer rating have been reaffirmed at CARE AA- and CARE A1+ while the outlook has been revised from Positive to Stable and simultaneously withdrawn the same with immediate effect. The above action has been taken at the request of Sunteck Realty Limited and 'No Objection Certificate' received from the banks that have extended the facilities rated by CARE.

The reaffirmation of the long term and short-term ratings of Sunteck Realty Limited's (SRL) bank facilities and instrument continues to derive strength from extensive experience of the promoters of nearly two decades in the real estate industry marked by a track record of real estate development of more than seven million square-feet (msf). The ratings continue to reflect the comfortable booking status for the overall project portfolio at an intermediate stage of execution. As a result of comfortable booking status in intermediate stage, the company continues to maintain sizeable-committed receivables ensuring robust cash flow visibility.

The ratings of SRL further draws comfort from its strong financial risk profile, characterised by low reliance on debt for the development of projects. Comfortable sales traction at the initial stage of construction enables the company to fund the majority of project cost through customer advances. This, coupled with low land cost associated with adoption of asset light model, assists SRL in maintaining low debt profile and healthy profitability. Over the past few years, SRL has consistently reduced its debt levels and it continues to have robust gearing level and debt to collections ratio. The company continues to maintain substantial ready inventory with market value of over ₹1000 crore, primarily in the Bandra Kurla Complex (BKC) micro market, which is gradually being liquidated. Additionally, SRL also benefits from its leasing portfolio of two commercial assets in Mumbai which generates leasing income of ₹70 crore.

The rating strengths however remains constrained by execution risk associated with sizeable development plans in the pipeline, limited geographic presence, moderate scale of operations, and inherent cyclicity associated with real estate sector.

Additionally, the pace of new launches has moderated and execution in recently launched projects has relatively been moderate than envisaged, mainly due to delay in receipt of few approvals which are now in place and construction is progressing efficiently. This has led to moderation in the collections from initially anticipated levels. Nevertheless, the company is expected to expand its portfolio with new launches, resulting in potential increase in bookings and collections, while maintaining low leverage profile.

Going forward, substantial launches are planned in new development clusters such as Kalyan, Bandra, Vasai, Napean-sea road, and Borivali. The company's ability to achieve healthy bookings in these new micro markets in line with its track record, remains to be seen.

Analytical approach:

Consolidated; as SRL executes projects through subsidiaries, special purpose vehicles (SPVs) and joint ventures (JVs). Entities whose financials have been consolidated are listed under Annexure 6

Outlook: Stable

The revision of the outlook from 'Positive' to 'Stable' reflects lower area launched than envisaged resulting in lower than anticipated collections. However, going forward, it is anticipated that the company will continue to expand its portfolio with new launches resulting in increase in bookings and collections, while maintaining low leverage profile.

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

Detailed description of key rating drivers:**Key strengths**

Low funding risk and healthy cash flow visibility: The company in its ongoing project portfolio has achieved satisfactory bookings in the intermediate stage of execution, which has led to maintenance of sizeable- committed receivables. As on December 31, 2024, the company has sizeable committed receivables which covers more than 125% of the balance project cost and outstanding debt. About 20% of committed receivables pertains to completed projects which are due to be received post possession delivery, indicating healthy cash flow visibility in the near-term. Amongst ongoing projects, one ongoing project is in advanced stage of completion with over 90% of cost stands incurred, two projects are at an intermediate stage where more than 30% cost has been incurred and three projects in the nascent stage of construction with less than 30% of cost incurred. As on December 31, 2024, SRL has incurred close to 50% of project cost, reflecting intermediate stage of execution. While residual execution risk exists, adequacy of committed receivables indicates a low level of funding risks.

Low reliance on debt to fund project cost: The projects currently under execution are being funded through low level of debt. As on December 31, 2024, the committed debt constituted only 7% of total project cost incurred across projects (completed, ongoing and forthcoming). The company's external debt declined to ₹350 crore as of December 31, 2024, from Rs. 446 crore as on December 31, 2023, respectively. The company's comfortable debt position is also reflected from low gearing (after adjustment of capital reserve recognised after acquiring subsidiary from net worth), which stood at below 0.50x as on the end of past three financial years. The total gross debt/collections also stood below 0.50x as at the end of previous two fiscals. The implementation of an asset-light model and a track record of achieving robust sales in the initial stage of construction, enables the company to maintain a low reliance on debt. Consequently, the gearing level is anticipated to stay comfortably below 0.50x, with the debt-to-collection ratio remaining below unity.

Growth in bookings: As on December 31, 2024, the company has achieved bookings of around 62% of total saleable area. The ratio has moderated from 74% as on September 30, 2023 (last review), due to launches of two new projects and completion of a sizeable project (with high booking ratio) in the interim period. With respect to sales momentum, SRL reported year-on-year (YoY) of over 20% in pre-sales/bookings in past three fiscal. The momentum in pre-sales/bookings continues to remain healthy in the current fiscal with 16% YoY growth in 9MFY25. The company is anticipated to launch few new projects (Nepeansea Road, future phases of Goregaon and Naigaon) in the near-term. Accordingly, timely launching of new projects will remain crucial to maintain the growth momentum and ramp up the size of bookings and collections.

Leasing portfolio generating stable income: Apart from robust cash flow generation from residential projects, SRL is also focussing on expanding its leasing portfolio. It has leased out two projects, in Mumbai that is generating leasing income of around ₹70 crore, annually. This leasing income is expected to further strengthen the cash flow position. The company has not availed debt on these projects and hence, leasing cash flows are expected to supplement the company's financial flexibility.

Experienced promoters and healthy track record of project execution: SRL is led by Kamal Khetan, Chairman and MD, who is an engineer in Electronics and Communications from Mangalore University and first-generation promoter. He is involved in corporate strategy and acquisition, while providing guidance on execution and diversification. He is assisted by a well-qualified and an experienced management team with rich experience in real estate business. Till date, SRL has delivered more than seven msf space across segments, which reflects its healthy track record in the real estate industry.

Key weaknesses

Aggressive expansion plans: The company has plans to develop over 18 msf in the medium term, which is sizeable as compared to area developed in the past. For funding the future project costs, the company will have considerable reliance on the customer advances considering it has healthy track record of achieving strong bookings in the early stage of execution. This apart, surplus from ongoing projects and undrawn limits is also expected to support the funding for upcoming projects. Nevertheless, the ability of the company to achieve healthy bookings in the new micro markets in line with its past track record of bookings shall remain monitorable. Additionally, the company is exposed to moderate execution risk in its ongoing projects as 50% of project cost is yet to be incurred.

Moderate scale of collections: SRL is currently executing projects in micro-markets of MMR and has moderate scale of operations with yearly bookings in the range of ₹1,000-2,000 crore and collections in the range of Rs.1000-1300 crore in previous three fiscals. With sizeable development pipeline and consistent project launches, SRL was anticipated to ramp up its scale of collections over Rs.1500 crore. However, with lower than anticipated launches and relatively slower pace of execution in recently launched projects, the collections have remained lower than anticipated levels. The execution in recently launched projects was impacted due to delay in approvals which are now in place and construction is progressing as usual. Going ahead, SRL's ability to timely launch the projects, achieve healthy bookings and maintain execution progress will remain crucial to enhance the scale of cash flows. With new launches, the company is expected to expand its scale of collections in medium term.

Limited geographic presence: All the ongoing projects are being executed in MMR, there exists geographic concentration. Any downturn in such micro markets might impact the developer's revenues. Nevertheless, within the MMR region, SRL is expanding its footprints in new development clusters viz. including Kalyan, Nepeansea Road, Vasai, Mira Road, and Borivali, among others, mitigating risk to a certain extent. It also plans to launch a project in Dubai in near to medium term. Furthermore, product offerings across segments and price points also contributes in diversifying revenue profile.

Inherent risk associated with executing large-scale project, given the cyclical nature of the real estate industry:

The company is exposed to the cyclicity associated with the real estate sector, which has direct linkage with the general macro-economic scenario, interest rates and level of disposable income. In case of the real estate companies, the profitability depends highly on property markets.

Liquidity: Strong

As on December 31, 2024, the company has maintained free liquid investments of ₹154 crore, against scheduled debt commitments of close to ₹100 crore in balance FY25 and FY26. This apart, SRL has undrawn bank lines of over ₹400 crore as on December 31, 2024, which reflects a healthy liquidity cushion. Furthermore, healthy level of committed receivables also reflects healthy cash flow visibility. Cash coverage ratio of the company is, accordingly, expected to remain healthy in the next three years.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks : The activities in the real estate sector have an adverse impact on environmental and social aspects considering high emission levels, waste generation, climate change, high labour intensity, and related safety issues. SRL has an ongoing focus on strengthening its compliances of ESG parameters and resultantly it has taken various initiatives for efficiently managing ESG risks. The company has also been awarded preliminary certificates by Green Business Certifications Inc. for four residential projects– Sunteck Beach Residences (Vasai), 4th Avenue Sunteck City (Goregaon), Sunteck Maxx World (Naigaon), and Sunteck One World (Naigaon) and three commercial projects- Sunteck BKC 51, Sunteck Crest and Sunteck Icon. Other key initiatives include:

- Environmental- 'Go Green' CSR Campaign, Digital transformation to reduce resource consumption, Rainwater Harvesting.
- Social- Supporting migrant workers following outbreak of COVID-19, contributing to medical initiatives.
- Governance- Code of conduct, Corporate Social Responsibility (CSR) and Whistleblower policies in place, Disclosure on Corporate Governance, etc.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Consolidation](#)

[Financial Ratios – Non financial Sector](#)

[Rating methodology for Real estate sector](#)

[Short Term Instruments](#)

[Policy on Withdrawal of ratings](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Realty	Realty	Residential, Commercial Projects

Sunteck Realty Limited (SRL; CIN: L32100MH1981PLC025346; market cap: ₹5,503 crore as on March 11, 2025) is engaged in developing residential and commercial properties. The company undertakes projects primarily under joint venture (JV) and joint development arrangement (JDA) formats. SRL's developmental activities are mainly spread across the Mumbai Metropolitan Region, along with some exposure in Tier-II cities such as Jaipur, Nagpur and Goa. SRL has ongoing development portfolio of close to 5 msf.

Consolidated

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9M FY25 (UA)
Total operating income	362.02	564.68	647.09
PBILDT	63.75	117.53	154.91
PAT	1.41	71.02	99.93
Overall gearing (times)	0.25	0.12	0.12
Interest coverage (times)	0.74	1.72	5.35

A: Audited UA: Unaudited; Note: these are latest available financial results

Standalone

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	264.15	405.61	610.46
PBILDT	41.87	75.24	155.07
PAT	12.82	62.07	105.45
Overall gearing (times)	0.21	0.14	NA
Interest coverage (times)	0.78	1.64	5.79

A: Audited UA: Unaudited; NA: Not available

Note: Financials have been classified as per CARE Ratings' internal standards

Status of non-cooperation with previous CRA: Not Applicable**Any other information:** Not Applicable**Rating history for last three years:** Annexure-2**Detailed explanation of covenants of rated instrument / facility:** Annexure-3**Complexity level of instruments rated:** Annexure-4**Lender details:** Annexure-5**Annexure-1: Details of instruments/facilities**

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Debentures-Non Convertible Debentures	-	NA	-	NA	0.00	Withdrawn
Fund-based - LT-Term Loan	-	-	-	January 2029	0.00	Withdrawn
Issuer Rating-Issuer Ratings	-	-	-	-	0.00	Withdrawn
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	-	-	-	-	0.00	Withdrawn

*Proposed

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Commercial Paper-Commercial Paper (Standalone)	ST	-	-	-	1)Withdrawn (02-Feb-24)	1)CARE A1+ (01-Dec-22)	-

							2)CARE A1+ (07-Oct-22)	
2	Fund-based - LT-Term Loan	LT	-	-	1)CARE AA-; Stable and Withdrawn (21-Mar-25)	1)CARE AA-; Positive (02-Feb-24)	1)CARE AA-; Positive (01-Dec-22) 2)CARE AA-; Positive (07-Oct-22)	-
3	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	-	-	1)CARE AA-; Stable/ CARE A1+ and withdrawn (21-Mar-25)	1)CARE AA-; Positive / CARE A1+ (02-Feb-24)	1)CARE AA-; Positive / CARE A1+ (01-Dec-22)	-
4	Debentures-Non Convertible Debentures	LT	-	-	1)CARE AA-; Stable and withdrawn (21-Mar-25)	1)CARE AA-; Positive (02-Feb-24)	-	-
5	Issuer Rating-Issuer Ratings	LT	-	-	1)CARE AA-; Stable and withdrawn (21-Mar-25)	1)CARE AA-; Positive (02-Feb-24)	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

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

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non Convertible Debentures	Simple
2	Fund-based - LT-Term Loan	Simple
3	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Name of entity	Extent for consolidation	Rationale for consolidation
Skystar Buildcon Private Limited	Full	Wholly Owned Subsidiary
Starlight Systems Private Limited	Full	Wholly Owned Subsidiary
Starlight Systems (I) Private Limited	Full	Wholly Owned Subsidiary
Satguru Corporate Services Private Limited	Full	Wholly Owned Subsidiary
Sahrish Constructions Private Limited	Full	Wholly Owned Subsidiary
Starteck Lifestyle Private Limited	Full	Wholly Owned Subsidiary
Satguru Infocorp Services Private Limited	Full	Wholly Owned Subsidiary
Advaith Infraprojects Private Limited	Full	Wholly Owned Subsidiary
Sunteck Property Holdings Private Limited	Full	Wholly Owned Subsidiary
Sunteck Real Estates Private Limited	Full	Wholly Owned Subsidiary
Sunteck Realty Holdings Private Limited	Full	Wholly Owned Subsidiary
Sunteck Infraprojects Private Limited	Full	Wholly Owned Subsidiary
Clarissa Facility Management LLP	Full	Wholly Owned Subsidiary
Mithra Buildcon LLP	Full	Wholly Owned Subsidiary
Sunteck Lifestyle Limited (UAE)	Full	Wholly Owned Subsidiary
Magnate Industries LLP	Full	Wholly Owned Subsidiary
Sunteck Lifestyle International Private Limited (Mauritius)	Full	Wholly Owned Subsidiary
Sunteck Lifestyle Management DMCC	Full	Wholly Owned Subsidiary
Shivay Brokers Private Limited	Full	Wholly Owned Subsidiary
Sunteck Lifespace Private Limited	Full	Wholly Owned Subsidiary
Industele Property Private Limited	Full	Wholly Owned Subsidiary
Rammit Corporate Solutions Private Limited	Full	Wholly Owned Subsidiary
Russel Multiventures Private Limited	Full	Wholly Owned Subsidiary
Sunteck Infracon Private Limited	Full	Wholly Owned Subsidiary
Sunteck Realtors Private Limited	Full	Wholly Owned Subsidiary
Joint Ventures		
Piramal Sunteck Realty Private Limited	Proportionate	Joint Ventures
Nariman Infrastructure LLP	Proportionate	Joint Ventures
Uniworth Realty LLP	Proportionate	Joint Ventures
GGICO Sunteck Limited (UAE)	Proportionate	Joint Ventures

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

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About us:

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