

## Press Release

**Bigjos Infraestate Limited (BIL)**

28 July, 2017

**Rating Assigned**



<b>Total Bank Facilities Rated*</b>	Rs.8.42 Cr
<b>Short Term Rating</b>	SMERA A4 (Assigned)

\*Refer Annexure for details

### Rating Rationale

SMERA has assigned short-term rating of '**SMERA A4**' (**read as SMERA A four**) on the Rs.8.42 crore bank facilities of Bigjos Infraestate Limited (BIL).

Bigjos Infraestate Limited (BIL) was incorporated in 1993 by Mr. Sanjeev Kumar Jain, Mr. Sameer Jain and Mr. Siddharth Jain. The company is engaged in real estate development and is currently developing land at Sonipat, Haryana.

### About the Project:

The Gannaur Project - an integrated residential and commercial project in Sonipat Haryana has total saleable area of 14.85 lakh Sq. feet (643 units) of residential and 2.00 lakh Sq. feet (79 units) of commercial area. The estimated cost is around Rs.93.97 crore which includes land cost of Rs.13.97 crore. The project is at the modest stage of construction with 47 percent work being completed. It is expected to be completed by June, 2022. The project has been entirely funded by advances received from customers, promoters contribution and internal accruals of the company.

### List of key rating drivers and their detailed description:

#### Strengths:

**Experienced promoters:** The Delhi-based Bigjos Infraestate Limited (BIL) was incorporated in 1993 by Mr. Sanjeev Kumar Jain. The day-to-day operations are managed by Mr. Sameer Jain and Mr. Siddharth Jain who possess experience of more than two decades in the real estate industry. In the past, the company successfully developed and sold a commercial tower by name Bigjos Tower at Netaji Subash Palace.

**Healthy level of booking:** The Gannaur project has received healthy bookings of around 85 percent and advances of Rs. 29.86 crore till May 2017. However, timely completion of the project and receipt of advances would be key rating factors. Any delay would impinge the future cash flows of the company.

#### Weaknesses:

**Modest scale of operations:** The rating is constrained by the modest scale of operations marked by small operating income of Rs. 3.64 crore in FY2016 compared to Rs.3.44 crore in FY2015.

**Inherent cyclical in the real estate sector:** The real estate industry in India is highly fragmented with most of the real estate developers, having a city-specific or region specific presence. The risks associated with the real estate industry are - cyclical nature of business (drop in property prices), interest rate risk that can affect operations.

**Intense competition:** The credit risk profile is constrained by the intense competition in the real estate industry along with exposure to project specific risks.

**Analytical approach:** The team has considered the standalone business and financial risk profiles to arrive at the rating.

### Applicable Criteria

- Application of Financial Ratios and Adjustments: <https://www.smera.in/criteria-fin-ratios.htm>
- Default Recognition: <https://www.smera.in/criteria-default.htm>

### About the Rated Entity

In FY2015-16, the company achieved operating income of Rs.3.64 crore with profit after tax (PAT) Rs. 0.14 crore compared to operating income of Rs.3.44 crore with PAT of Rs. 0.22 crore in the previous year. The net worth stood at Rs.4.96 crore as on 31 March, 2017 (Provisional) against Rs.3.66 crore as on 31 March, 2016.

**Status of non-cooperation with previous CRA (if applicable):** CRISIL Ratings in its press release dated 24 August, 2016 had inter-alia mentioned the following: 'CRISIL has suspended its ratings on the bank facilities of Bigjo's Infraestate Limited (Bigjosinfra). The suspension of ratings is on account of non-cooperation by Bigjosinfra with CRISIL's efforts to undertake a review of the ratings outstanding. Despite repeated requests by CRISIL, Bigjosinfra is yet to provide adequate information to enable CRISIL to assess Bigjosinfra's ability to service its debt. The suspension reflects CRISIL's inability to maintain a valid rating in the absence of adequate information.'

**Any other information:** Not Applicable

**Rating History for the last three years:** Not Applicable

### \*Annexure - Details of instruments rated:

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Bank Guarantee	N.A	N.A	N.A	8.42	SMERA A4 (Assigned)

### Note on complexity levels of the rated instrument:

<https://www.smera.in/criteria-complexity-levels.htm>

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