

Press Release

Bigjos Infraestate Limited

January 29, 2019



Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 8.42 Cr.
Short Term Rating	ACUITE A4

* Refer Annexure for details

Rating Rationale

Acuité has reaffirmed short term rating of '**ACUITE A4**' (**read as ACUITE A four**) to the Rs. 8.42 crore bank facilities of Bigjos Infraestate Limited (BIL).

BIL was incorporated in 1993 by late Mr. Sanjeev Kumar Jain, Mr. Sameer Jain and Mr. Siddharth Jain. Presently, the day to day activities are looked after by Mr. Sameer Jain and Mr. Siddharth Jain. The company is engaged in the business of real estate development in Sonipat (Haryana). This project is not registered under Real Estate Regulatory Authority (RERA).

Analytical Approach

Acuité has considered the standalone business and financial risk profile of BIL to arrive at the rating.

Key Rating Drivers

Strengths

- **Low funding Risk**

The company has total expected project cost of Rs.99.43 crore out of which Rs.84.85 crore is incurred as on September 2018. The same is majorly funded by customer advances received amounting to Rs.44.04 crore for the project.

- **Healthy amount of booked unit**

The company has received the booking of 542 residential units out of 641 units. Hence, the company has received the booking of ~ 84 percent, 13.78 lakh square feet bookings against the total saleable area of 16.34 lakh square feet. The company has received the advance of Rs.44.04 crore till March 2018 against the booking of 13.78 lakh square feet.

- **Experienced management**

The company was incorporated in 1993 by Mr. Sanjeev Kumar Jain (Managing Director) who has experience of more than two decades in this line of business. The business of the company is ably supported by second line of management as Mr. Sameer Jain (Director) and Mr. Siddharth Jain (Director) looks after day to day operation of the company. The management has developed a project of commercial tower named 'Bigjo's Tower' at Netaji Subash Palace in Delhi.

Weaknesses

- **Intense competition faced from various on-going projects in the vicinity**

BIL faces intense competition from other builders in the same vicinity. There are 7-8 on-going projects in Sonipat and other nearby places.

- **Dependence of project cost funding on customer advances**

BIL is majorly dependent on customer advances for project cost funding. Going forward, BIL's ability to timely collect the advances is vital for smooth completion of the project. However, in the past, the company has been able to collect customer advances suitably.

• **Risk related to 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. Real estate investments worldwide have been driven by one or several themes based on the economic growth. The risks associated with real estate industry are - cyclical nature of business (drop in property prices) and interest rate risk, among others. Furthermore, in light of the ongoing economic downturn, the sector is facing issues on many fronts. These include subdued demand, curtailed funding options and rising costs, thereby, resulting in the stress on cash flows.

Liquidity profiles

The company has received customer advances to the tune of Rs.44.04 crore, term loan from bank of ~Rs.11.64 crore out of total construction cost incurred of Rs.84.85 crore. The company has higher dependency on customer advances for completion of construction. Also, the repayment of term loans are starting from june, 2019. The DSCR stood at 0.82 times as on March, 2018. Acuité believes that timely repayment of debt obligation will be key rating sensitivity.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	6.18	6.56	3.64
EBITDA	Rs. Cr.	0.46	0.14	1.67
PAT	Rs. Cr.	0.05	0.09	0.14
EBITDA Margin	(%)	7.37	2.18	45.85
PAT Margin	(%)	0.75	1.40	3.86
ROCE	(%)	3.54	3.76	4.65
Total Debt/Tangible Net Worth	Times	0.66	0.50	0.80
PBDIT/Interest	Times	1.25	1.19	1.21
Total Debt/PBDIT	Times	10.01	8.39	8.99
Gross Current Assets (Days)	Days	5490	4872	8965

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

None

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Real Estate Entities - <https://www.acuite.in/view-rating-criteria-14.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
31-Aug-2018	Bank Guarantee	Short Term	8.42	ACUITE A4 (Indicative)
28-Jul-2017	Bank Guarantee	Short Term	8.42	ACUITE A4 (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Bank guarantee	Not Applicable	Not Applicable	Not Applicable	8.42	ACUITE A4

Contacts

Analytical	Rating Desk
Aditya Gupta Head - Corporate and Infrastructure Sector Ratings Tel: 022-49294041 aditya.gupta@acuite.in Disha Parmar Analyst - Rating Operations Tel: 022-49294064 disha.parmar@acuite.ratings.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in

About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and 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. Since then, it has assigned more than 6,000 credit 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 Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.