

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

Acuite 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

Acuite 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. Acuite 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

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About Acuité Ratings & Research:

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