

## Press Release

Shivpriya Realtors LLP

December 20, 2018

### Rating Upgraded



<b>Total Bank Facilities Rated*</b>	Rs. 35.00 Cr.
<b>Long Term Rating</b>	ACUITE BB / Outlook: Stable (Upgraded from ACUITE B/Stable)

\* Refer Annexure for details

### Rating Rationale

Acuite has upgraded the long-term rating of '**ACUITE BB**' (read as **ACUITE BB**) from **ACUITE B/Stable** (read as **ACUITE B**) to the Rs. 35.00 crore bank facilities of Shivpriya Realtors LLP (SRL). The outlook is '**Stable**'.

The rating revision is on account of advanced project execution to the tune of 56 percent completion of total project cost, improvement in advances received backed by low funding risk as promoters' infusion is amounting to Rs.21.70 crore as against project loan of Rs.14.81 crore as on September, 2018.

SRL is a Pune based firm established in 2013 by Mr. Prakash Dhariwal and Mr. Umesh Kothawade. The firm is engaged in development of commercial projects. SRL is part of Vasudha group which is into development of residential and commercial projects since 2006. SRL has one ongoing project currently i.e. V-18 at Balewadi (Pune) which is also its first project with total saleable area of 1.35 lakh square feet to construct 73 units. The 73 units being constructed includes three restaurants (Ground Floor and top terrace), four showrooms (ground and first floor) and 66 offices (10 offices on each floor except fifth and sixth floor). The total project cost is Rs.89.52 crore and the total sale proceeds expected is Rs.164.35 crore.

### Analytical Approach

Acuite has considered the standalone business and financial risk profiles of the SRL to arrive at the rating.

### Key Rating Drivers

#### Strengths

- **Established track record and experienced promoter:**

The promoters of the firm Mr. Prakash Dhariwal and Mr. Umesh Kothawade collectively possess around two decades of experience in the real estate industry. They have successfully developed fifteen projects including residential and commercial projects located in & around Pune under Vasudha Group.

- **Low funding risk:**

The total cost of the project is Rs.89.52 crore. Out of the total funding requirement of Rs.89.52 crore, promoters infused Rs.21.70 crore against their portion of Rs.35.02 crore. Also, the firm has sanctioned term loan of Rs.35.80 crore, of which Rs.14.81 crore is disbursed till September 2018 and out of required customer advances of Rs.26.86 crore, the firm has already received Rs.14.16 crore as on September, 2018.

#### Weaknesses

- **Low Booking Levels**

The project 'V-18' commenced from the month of April 2017 is expected to be completed by April 2019. The company has incurred ~55 per cent cost as on September, 2018. Currently, the booking level is only ~18 percent i.e. 13 commercial offices sold, out of 73. The advances received amounts to Rs.14.16 crore.

- **Inherent cyclicity in construction Sector:**

The real estate industry is highly fragmented with most of the real estate developers, having a city-

specific or region specific presence. The risks associated with real estate industry are - cyclical nature of business (drop in property prices) and interest rate risk, among others that could affect the operations of the firm.

• **Stiff competition from ongoing and new projects in the vicinity:**

Balewadi is one of the fastest growing suburbs located in Pune. It is part of Smart Cities Mission initiated by Government in 2015. It has several residential as well as commercial projects under construction. The area has easy access to transport and several educational institutions are located around Balewadi.

**Outlook: Stable**

Acuite believes that SRL will maintain 'Stable' business risk profile in the medium term on the back of experienced management and established presence of the group in the real estate industry. The outlook may be revised to 'Positive' if the firm generates steady cash flows from customer advances. Conversely, the outlook may be revised to 'Negative' in case of stretch in the firm's liquidity position on account of delays in project execution or collection of booking money.

**About the Rated Entity - Key Financials**

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	0.00	0.00	0.00
EBITDA	Rs. Cr.	1.22	-0.17	-0.01
PAT	Rs. Cr.	0.42	-0.17	0.00
EBITDA Margin	(%)	0.00	0.00	0.00
PAT Margin	(%)	0.00	0.00	0.00
ROCE	(%)	4.78	-1.04	0.00
Total Debt/Tangible Net Worth	Times	0.44	0.00	0.02
PBDIT/Interest	Times	1.53	-4017.92	-12.57
Total Debt/PBDIT	Times	7.89	0.00	-503.40
Gross Current Assets (Days)	Days	0	0	0

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

Not Applicable

**Any other information**

Not Applicable

**Applicable Criteria**

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Real Estate entity - <https://www.acuite.in/view-rating-criteria-41.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
13-Nov-2017	Term Loan	Long Term	INR 35.00	ACUITE B / Stable (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
Term loans	Not Applicable	Not Applicable	Not Applicable	35.00	ACUITE BB / Stable (Upgraded from ACUITE B/ Stable)

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## About Acuite Ratings & Research:

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