

Press Release

Rolling Construction Private Limited

March 28, 2019

Rating Downgraded



Total Bank Facilities Rated*	Rs. 24.00 Cr.
Long Term Rating	ACUITE BB+ / Outlook: Stable (Downgraded from ACUITE BBB/Stable)

* Refer Annexure for details

Rating Rationale

Acuite has downgraded long-term rating to '**ACUITE BB+**' (read as **ACUITE double B plus**) from '**ACUITE BBB**' (read as **ACUITE triple B**) to the Rs. 24.00 crore bank facilities of Rolling Construction Private Limited (RCPL). The outlook is '**Stable**'.

RCPL is a subsidiary of Anant Raj Limited (ARL) which is one of the major real estate development and leasing companies in NCR. ARL holds 50.10 percent equity stake in RCPL and the balance stake is held by Monsoon Capital (MC). RCPL has completed development of an information technology (IT) park branded as 'Tech Park' at Industrial Estate Panchkula (Haryana) in March 2014 on land admeasuring 10 acres. The company has completed the construction of the project at a cost of Rs.125.00 crore funded out of TL from Allahabad Bank of Rs.50.00 crore and the rest out of promoters' equity. The company has total leasable area of 4.50 lakh square feet.

Analytical Approach

Acuite has considered the consolidated business and financial risk profile of Anant Raj Limited (ARL) along with its subsidiaries and associates together referred to as Anant Raj Group (ARG) to arrive at this rating. While arriving at the rating, team has also factored the proposed demerger of the project division which will be transferred to Anant Raj Global Limited (ARGL, currently a 100% subsidiary of ARL). Extent of Consolidation: Full.

Following is the list of subsidiaries and associates that have been considered for consolidation:

Sr.	Name of the company
1	Aakashganga Realty Pvt. Ltd.
2	Advance Buildcon Pvt. Ltd.
3	Anant Raj Cons. & Development Pvt. Ltd.
4	Anant Raj Estate Management Services Ltd.
5	Anant Raj Global Limited
6	Anant Raj Hotels Ltd.
7	Anant Raj Housing Ltd.
8	Anant Raj Infrastructure Pvt. Ltd.
9	Anant Raj Projects Ltd.
10	AR Login 4 Edu Pvt. Ltd.
11	Artistaan Private Limited
12	Ankur Buildcon Pvt. Ltd.
13	A-Plus Estates Pvt. Ltd.
14	BBB Realty Pvt. Ltd.
15	Blossom Buildtech Pvt. Ltd.
16	Bolt Properties Pvt. Ltd.
17	Capital Buildcon Pvt. Ltd.
18	Capital Buildtech Pvt. Ltd.
19	Carnation Buildtech Pvt. Ltd.
20	Century Promoters Pvt. Ltd.

21	Echo Buildtech Pvt. Ltd.
22	Echo Properties Pvt. Ltd.
23	Elegant Buildcon Pvt. Ltd.
24	Fabulous Builders Pvt. Ltd.
25	Four Construction Pvt. Ltd.
26	Elegant Estates Pvt Ltd.
27	Elevator Buildtech Pvt. Ltd.
28	Elevator Promoters Pvt. Ltd.
29	Elevator Properties Pvt. Ltd.
30	Empire Promoters Pvt. Ltd.
31	Excellent Inframart Pvt. Ltd.
32	Gadget Builders Pvt. Ltd.
33	Gagan Buildtech Pvt. Ltd.
34	Glaze Properties Pvt. Ltd.
35	Greatways Buildtech Pvt. Ltd.
36	Green Retreat and Motels Pvt. Ltd.
37	Green Valley Builders Pvt. Ltd.
38	Green View Buildwell Pvt. Ltd.
39	Green Way Promoters Pvt. Ltd.
40	Greenline Buildcon Pvt. Ltd.
41	Greenline Promoters Pvt. Ltd.
42	Greenwood Properties Pvt. Ltd.
43	Gujarat Anant Raj Vidhyanagar Ltd.
44	Goodluck Buildtech Pvt. Ltd.
45	Grand Buildtech Pvt. Ltd.
46	Grand Park Estates Pvt. Ltd.
47	GrandPark Buildtech Pvt. Ltd.
48	Grandstar Realty Pvt. Ltd.
49	Hamara Realty Pvt. Ltd.
50	Hemkunt Promoters Pvt. Ltd.
51	High Land Meadows Pvt. Ltd.
52	Jasmine Buildwell Pvt. Ltd.
53	Jubilant Software Services Pvt. Ltd.
54	Kalinga Buildtech Pvt. Ltd.
55	Kalinga Realtors Pvt. Ltd.
56	Krishna Buildtech Pvt. Ltd.
57	Monarch Buildtech Pvt. Ltd.
58	North South Properties Pvt. Ltd.
59	Novel Buildmart Pvt. Ltd.
60	Novel Housing Pvt. Ltd.
61	Oriental Meadows Ltd.
62	Oriental Promoters Pvt. Ltd.
63	Papillion Buildtech Pvt. Ltd.
64	Papillon Buildcon Pvt. Ltd.
65	Park Land Construction & Equipment Pvt. Ltd.
66	Park Land Developers Pvt Ltd.
67	Park View Promoters Pvt Ltd.
68	Pasupati Aluminium Ltd.

69	Pelikan Estates Pvt. Ltd.
70	Pioneer Promoters Pvt. Ltd.
71	Rapid Realtors Pvt. Ltd.
72	Redsea Realty Pvt. Ltd.
73	Rising Realty Pvt. Ltd.
74	Rolling Construction Pvt. Ltd.
75	Romano Estates Pvt. Ltd.
76	Romano Estate Management Services Ltd.
77	Romano Infrastructure Pvt. Ltd.
78	Romano Projects Pvt. Ltd.
79	Rose Realty Pvt. Ltd.
80	Roseview Buildtech Pvt. Ltd.
81	Roseview Properties Pvt. Ltd.
82	Saiguru Buildmart Pvt. Ltd.
83	Sand Storm Buildtech Pvt. Ltd.
84	Sartaj Developers & Promoters Pvt. Ltd.
85	Sovereign Buildwell Pvt. Ltd.
86	Spring View Developers Pvt. Ltd.
87	Springview Properties Pvt. Ltd.
88	Suburban Farms Pvt. Ltd.
89	Three Star Realty Pvt. Ltd.
90	Townsend Construction & Equipment Pvt. Ltd.
91	Tumhare Liye Realty Pvt. Ltd.
92	Twenty First Developers Pvt. Ltd.
93	Vibrant Buildmart Pvt. Ltd.
94	West Land Buildcon Pvt. Ltd.
95	Woodland Promoters Pvt. Ltd.
96	Anant Raj Property Management Pvt. Ltd.
97	Roseland Buildtech Pvt. Ltd.
98	E2E Solutions Pvt. Ltd.
99	Demeurer Developers Pvt. Ltd.
100	Vishwas Marketing Services Pvt. Ltd.
101	Oriental Buildtech Pvt. Ltd.

Key Rating Drivers

Strengths

- **Debt servicing supported by corporate guarantee from Anant Raj Limited**

RCPL had availed loan of Rs.50.00 crore for the development of IT Park. ARL, the holding company of RCPL, has given the corporate guarantee of Rs.70.00 crore and is continuously supporting the company for timely servicing its debt obligations.

- **Experienced management and established position in the real estate sector**

The Chairman of ARL, Mr. Ashok Sarin has an experience of over four decades in the field of construction and real estate development. He is well supported by Mr. Anil Sarin, Managing Director, who has experience of over three decades in the development and construction business and Mr. Amit Sarin, Director and CEO, has expertise in development of I.T. Parks/ SEZs, Commercial, and Hospitality business. ARL is one of the leading Construction and Infrastructure developers in North India with a major presence in NCR region, Delhi, Haryana, and Rajasthan.

It has already delivered more than 200 lakh square feet of residential and commercial projects in Delhi / NCR and with diversified set of project portfolio under its arm which includes various commercial projects such as IT Parks, Hotels, Malls as well as residential projects catering to all segments from affordable housing to premium segment. ARL, backed by its demonstrated track record in the real estate sector has demonstrated the ability to attract marquee investors such as Government of Singapore, SI Investment and Broking Private Limited, and Polunin Emerging Markets Small Cap Funds, among others.

Weaknesses

- **Below average coverage indicators marked by low occupancy rate**

RCPL, on a standalone basis, has below average coverage indicators with interest coverage ratio (ICR) of 0.57 times and debt service coverage ratio (DSCR) of 0.27 times in FY2017-18. This is mainly on account of low occupancy rate of 14 percent as on January 2019. The company, however, expects the occupancy to increase by 5 per cent year on year.

Liquidity Position

Liquidity of RCPL is stretched marked by negative cash accruals of around Rs.2.00 crore in FY2018 as well as FY2017 against repayment obligations of ~Rs.10-11 crore, indicating its dependence on short term borrowings. The cash accruals are expected to improve on account of decreasing debt and remain in the range of Rs.2-3 crore in the near to medium term. Acuite believes that the liquidity of the company is likely to remain stretched over the near term on account its low cash accruals.

Outlook: Stable

Acuite believes that RCPL will maintain a 'Stable' outlook over the medium term on the back of continuous support from the Anant Raj Limited and its experienced management. The outlook may be revised to 'Positive' in case the company is able to demonstrate significantly better than envisaged occupancy rate and coverage indicators. Conversely, the outlook may be revised to 'Negative' in case the company faces challenges in finding new tenants, maintaining coverage indicators and renewal of agreement at envisaged terms or adverse movements in the credit profile of the tenant.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	506.70	465.95	431.34
EBITDA	Rs. Cr.	136.87	138.98	134.78
PAT	Rs. Cr.	60.19	85.01	81.78
EBITDA Margin	(%)	27.01	29.83	31.25
PAT Margin	(%)	11.88	18.24	18.96
ROCE	(%)	2.15	2.76	2.74
Total Debt/Tangible Net Worth	Times	0.65	0.40	0.36
PBDIT/Interest	Times	2.90	3.18	3.58
Total Debt/PBDIT	Times	16.09	10.15	9.24
Gross Current Assets (Days)	Days	2533	2286	2171

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>
- Criteria for Consolidation of Companies - <https://www.acuite.in/view-rating-criteria-22.htm>
- Real Estate Entities - <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
31-Mar-2018	Term Loan	Long Term	24.00	ACUITE BBB / 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	24.00	ACUITE BB+ / Stable (Downgraded)

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About Acuite Ratings & Research:

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