

Press Release

Bengal Shrachi Housing Development Limited

03 September, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 70.00 Cr.
Long Term Rating	ACUITE BBB-/Stable (Assigned)

* Refer Annexure for details

Rating Rationale

Acuité has assigned long term rating of '**ACUITE BBB-**' (**read as ACUITE triple B minus**) on the Rs. 70.00 crore bank facilities of Bengal Shrachi Housing Development Limited (BSHDL). The outlook is '**Stable**'

Incorporated in 1997- Bengal Shrachi Housing Development Limited is a joint sector entity promoted by West Bengal Housing Board (WBHB) and Shrachi Developers Private Limited. The company was floated to embark the development of housing projects on a large scale in urban and rural areas of West Bengal. Over the last two decades, BSHDL has completed both residential projects namely Greenwood Nook, Greenwood Park, Greenwood Park extension, Greenwood Sonata and Greenwood Elements, and three commercial projects – Junction mall in Durgapur, Block by Block in New-Town and Synthesis Business Park at Rajarhat.

Key Rating Drivers

Strengths

Established operational track record

Incorporated in 1997- the company has long track record of over two decades. During the last two decades, BSHDL has undertaken both residential and commercial projects in West Bengal namely Greenwood Nook, Greenwood Park, Greenwood Park extension, Greenwood Sonata and Greenwood Elements, and three commercial projects –Junction mall in Durgapur, Block by Block in New-Town and Synthesis Business Park at Rajarhat. The projects have been successfully completed and have demonstrated satisfactory sales and booking track record.

Association with West Bengal Housing Board

The rating draws comfort from the association of West Bengal Housing Board where WBHB is extending help for obtaining land and other issues relating to execution like clearance, permissions, sanctions etc. Further, Acuité notices the favourable location of the majority of the past and current project undertaken being in close proximity to the Information Technology hub of Kolkata.

Improvement in customer advance

BSHDL is currently undertaking two residential projects namely Greenwood Nest and Dakshinaty. Greenwood Nest comprises of HIG, MIG and LIG whereas Dakshinaty comprises of MIG and LIG flats only. The total project cost of Greenwood Nest is Rs 148.25 cr of which Rs 57.84 cr has been incurred 31st May'18 i.e 47 per cent of the project. The total project cost of Dakshinaty, is Rs

45.35 cr of which Rs 40.40 cr has been incurred till 31st May'18. i.e 89 per cent of the project. Both the project has shown significant improvement in customer advance where BSHDL has received Rs 16.18 cr (Rs 13.12 cr for Greenwood Nest and Rs 3.06 cr for Dakshinatya) during six month ended June'18 as compared to Rs 4.06 cr (Rs 2.08 cr for Greenwood Nest and Rs 1.98 cr for Dakshinatya) during the corresponding period last year.

Weaknesses

Project execution and implementation risk

The project Greenwood Nest is in implementation stage. The total expected cost to be incurred is Rs 148.25 crs, of which Rs 57.84 cr is already incurred i.e 47 per cent. The balance of Rs 90.42 cr is expected to be funded from customer advance and loan from financial institution. The loan is already sanctioned. The project has shown good sale ability/booking. The total area booked is 327325 sq feet out of total area of 539717 sq feet and the company has received Rs 30.44 cr of the total expected receivable of Rs 125.70 cr. Going forward, the company is likely to receive Rs 95.26 cr which will be utilized for construction purpose. Timely receipt of the customer advance will be a key rating sensitivity.

Outlook: Stable

Acuité believes the company will maintain its business risk profile in the medium term on the back of experienced management. The outlook may be revised to 'Positive' if the company generates steady cash flows as per anticipated customer advances from the bookings. Conversely, the outlook may be revised to 'Negative' in case there is any delay in executing the project or the collections from the bookings gets delayed, thereby creating pressure on liquidity.

Analytical Approach: Acuité has taken a standalone view of the business and financial risk profile of the company.

About the Rated Entity - Key Financials

	Unit	FY18 (Prov)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	24.60	18.91	20.66
EBITDA	Rs. Cr.	(1.98)	(9.13)	24.97
PAT	Rs. Cr.	(0.66)	(10.34)	1.43
EBITDA Margin	(%)	(8.05)	(48.30)	117.45
PAT Margin	(%)	(2.68)	(54.68)	6.91
ROCE	(%)	0.03	(2.64)	17.83
Total Debt/Tangible Net Worth	Times	(72.56)	(78.73)	33.85
PBDIT/Interest	Times	0.25	(1.15)	1.07
Total Debt/PBDIT	Times	1139.57	(29.12)	10.81
Gross Current Assets (Days)	Days	5013	6297	7397

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Infra Entities - <https://www.acuite.in/criteria-infra.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

NA

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term Loan	Not Applicable	Not Applicable	Not Applicable	70.00	ACUITE BBB- /Stable (Assigned)

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About Acuité Ratings & Research:

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