

Press Release

Bengal Peerless Housing Development Company Limited

October 08, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 50.00 Cr.
Long Term Rating	ACUITE BBB / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE BBB**' (read as **ACUITE triple B**) to the Rs. 50.00 crore bank facilities of Bengal Peerless Housing Development Company Limited (BPHDCL). The outlook is '**Stable**'.

Incorporated in 1994, BPHDCL is a joint venture entity promoted by Peerless General Finance & Investment Company Limited and West Bengal Housing Board (WBHB). The company was floated to embark the development of housing projects in West Bengal. Over the last two decades, the company has completed various residential and commercial projects namely Anupama phase I, II, II, IV, Avishikta Phase I & II, Axis Mall, among others.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of BPHDCL to arrive at the rating.

Key Rating Drivers:

Strengths

- **Long track record of operations and established market position**

BPHDCL has a long track record of executing residential and commercial projects in West Bengal. The extensive experience in developing real estate and commercial properties has resulted in establishing the company as one of the premier real estate developers in West Bengal. The company has completed ~4.96 million sq. ft. of development across 15 projects since its inception nearly 24 years ago. Some of the premier projects are namely Anupama phase I, II, II, IV, Animikha, Alaktika, Anahita, Avishikta Phase I & II, Avidipta phase I, Axis Mall, Digangana phase I, Amrochaya, among others. The brand name of peerless group, coupled with favourable location, construction quality, timely handover, has led to high saleability of their past projects. The same is evident from the construction cost of all the past projects being funded from customer advances and promoters advance.

- **Association with West Bengal Housing Board (WBHB)**

The rating draws comfort from its association with WBHB where WBHB is extending help for allocation of land in favourable locations and other issues relating to execution like clearance, permissions, sanctions, among others. Acuité observes that the current project 'Avidipta' is also favourably located. The project is ~23 kilometers (km) from the Kolkata Airport and adjacent to the EM Bypass. The project is in close proximity to various hospitals and schools.

- **Healthy booking since inception**

Avidipta II project commenced on February 2018 and since then the project has witnessed healthy booking. The total number of units in the project is 660 divided into Low Income Group (LIG), Mid Income Group (MIG) and High Income Group (HIG) consisting of 180 units, 150 units and 330 units, respectively. Of the 660 units, 434 units have been booked i.e. ~66 percent. The LIG and MIG segment has been completely booked, while ~31 percent bookings in HIG segment. Further, the agreement value of 434 units is Rs.232 crore of which the company has received ~Rs.48 crore i.e. 21 percent.

Weaknesses

• Project execution and implementation risk

Avidipta II is in implementation stage. The total expected cost to be incurred is Rs.549.00 crore, of which 17 percent is already incurred. The balance of Rs.456.00 crore is expected to be funded from customer advances and loan of Rs.50.00 crore from financial institution. The loan is yet to be sanctioned. The project has shown good saleability/booking. Out of the 660 units, 434 units have been booked as on August 30, 2018 against which the company has received Rs.48.00 crore of the total expected receivable of Rs.232.00 crore.

Outlook: Stable

Acuité believes that BPHDCL will maintain 'Stable' business risk profile in the medium term on the back of experienced management and healthy customer bookings. 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 booking gets delayed, thereby creating pressure on liquidity.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	11.09	150.81	114.46
EBITDA	Rs. Cr.	-3.84	43.74	38.80
PAT	Rs. Cr.	1.38	29.76	34.22
EBITDA Margin	(%)	-34.63	29.00	33.90
PAT Margin	(%)	12.47	19.73	29.90
ROCE	(%)	1.89	34.17	71.94
Total Debt/Tangible Net Worth	Times	0.00	0.00	0.03
PBDIT/Interest	Times	0.00	0.00	0.00
Total Debt/PBDIT	Times	0.00	0.00	0.00
Gross Current Assets (Days)	Days	7034	465	810

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>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.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)

Not Applicable

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	50.00	ACUITE BBB/ Stable

Contacts

Analytical	Rating Desk
Pooja Ghosh Head- Corporate and Infrastructure Sector Ratings Tel: 033-66201203 pooja.ghosh@acuite.in Debalina Maity Analyst - Rating Operations Tel: 033-66201212 debalina.maity@acuiteratings.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in

About Acuité Ratings & Research:

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