

Press Release

Elegant Landcon

November 14, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 8.00 Cr.
Long Term Rating	ACUITE BB / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE BB**' (read as **ACUITE double B**) to the Rs. 8.00 crore bank facilities of Elegant Landcon (EL). The outlook is '**Stable**'.

The Jaipur based, Elegant Landcon (EL), is a partnership firm incorporated in 2014 and promoted by Mr. Ranveer Singh Rathore and Mr. Subash Kedia. The firm is a part of Elegant group which is engaged in construction of residential projects. The firm is presently developing residential project under the name of 'Param' at Gandhi Path in Jaipur.

Analytical Approach

Acuité has considered standalone business and financial risk profile of EL to arrive at the rating.

Key Rating Drivers

Strengths

- **Experienced management:**

The day to day operations of EL is managed by Mr. Ranveer Singh Rathore and Mr. Subhash Kedia who possess experience of more than a decade in the real estate industry. The firm is a part of Elegant Group which has completed construction of ~11 residential spaces across Jaipur and nearby cities during the last fifteen years.

- **Favorable location of the project:**

The project 'Param' is located in Gandhi Path (Jaipur) which is a residential area well surrounded by basic amenities such as school, restaurant, Hospital, Shopping malls among other. Further, airport and railway station is within 15 km radius. Due to the strategic location, the project is expected to have favorable demand among the customers. At present, 105 flats have been booked out of 192 flats along with customer advances of Rs.22.70 crore.

Weaknesses

- **Inherent cyclicity in construction 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. The risks associated with real estate industry are - cyclical nature of business (drop in property prices), interest rate risk, among others that can affect the operations of the firm.

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

The firm faces stiff competition from many builders in Lalarpura area such as Vijay Enclave, Royal Regalia among others.

Outlook: Stable

Acuité believes that Elegant Landcon will maintain a 'Stable' outlook over medium term on account of established track record of the group and comfortable booking level. The outlook may be revised to 'Positive' in case the firm achieves significantly higher than expected customer advances and achieves project execution as per schedule. Conversely, the outlook may be revised to 'Negative' in case of slower than expected customer advances or in case of delay in project execution.

About the Project

EL is presently undertaking a project to build 198 2BHK flats with carpet area of 840 sq. ft each. The project is spread across 17544.25 sq. mtr. with salable area of 15451.63 sq. mtr. (166320 sq. ft.). The project is divided into two blocks with RERA registration. Each block has 9 floors with 11 flats on each floor. There is common space for parking along with basement and stilt floor. The total car parking available would be 126. The project has all the facilities such as gym, swimming pool, indoor games, club house, jogging track, cafeteria, rain water harvesting, among other basic amenities.

The project cost is estimated at Rs.36.05 crore. The aforementioned project cost is expected to be funded through promoters' capital of Rs.12.72 crore, customer advances of Rs.15.33 crore and bank borrowings of Rs.8.00 crore. The project was commenced on March 15, 2017 and is expected to be completed by March 31, 2020.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	11.26	0.00	0.73
EBITDA	Rs. Cr.	3.91	0.44	0.45
PAT	Rs. Cr.	3.05	-0.03	0.00
EBITDA Margin	(%)	34.73	0.00	61.68
PAT Margin	(%)	27.09	0.00	-0.02
ROCE	(%)	50.99	9.23	10.36
Total Debt/Tangible Net Worth	Times	2.09	11.52	7.48
PBDIT/Interest	Times	4.55	0.94	1.00
Total Debt/PBDIT	Times	1.74	11.01	8.30
Gross Current Assets (Days)	Days	430	0	2143

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-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
Term loans	Not Applicable	Not Applicable	Not Applicable	8.00	ACUITE BB / Stable

Contacts

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