

Press Release

SAMASTI INFRASTRUCTURES PRIVATE LIMITED

February 05, 2019

Rating Assigned



Total Bank Facilities Rated*	Rs. 9.30 Cr.
Long Term Rating	ACUITE B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE B**' (read as **ACUITE B**) to the Rs. 9.30 crore bank facilities of SAMASTI INFRASTRUCTURES PRIVATE LIMITED (SIPL). The outlook is '**Stable**'.

Established in 1994 as an architectural consultancy firm and later converted as a private limited company in 1998, SIPL is a Bhubaneswar based company engaged in developing residential and commercial properties. The company lately has completed a residential and a commercial project in Bhubaneswar under the name 'Samasti 1001 Greens' and 'Samasti Tilak'. The company is promoted by Mr. Nishitha Ranjan Nanda.

Analytical Approach

Acuite has considered the standalone view of the business and financial risk profile of SIPL to arrive at the rating.

Key Rating Drivers

Strengths

- **Experienced management**

The promoter of SIPL, Mr. Nishitha Ranjan Nanda has more than two decades of experience in the real estate sector. Established in 1994, the company it has a long track record of over two decades in developing residential and commercial properties in and around Bhubaneswar. The company completed some minor projects up to the year 2001. During the span of last two decades the company has provided more than 150 simplex and duplex houses in Bhubaneswar.

Weaknesses

- **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), interest rate risk, among others that can affect operations.

- **Weak financial risk profile and tight liquidity**

The weak financial risk profile of the company is marked by its modest net worth, high gearing and weak debt protection measures. The gearing stood at 2.91 times as on 31 March 2018 as compare to 3.83 times in the previous year. Total debt consists of long term debt of Rs.12.11 crore. Interest Coverage Ratio at stood low at 1.20 times as on 31 March, 2018 as against 1.09 times in the previous year. Further, Acuite noticed that the liquidity of the company is weak as inflows from the two newly completed projects are just about sufficient to pay off the debt obligation as envisaged from the low DSCR of 1.19 times as on 31 March, 2018 as against 1.09 times in the previous year. The net cash accruals are estimated to be in the range of Rs. 10.50 to Rs 11 crore in the current financial year against its maturing debt obligations of Rs 11 crore in FY 2018-19.

- **Moderate booking and advances**

Considering the residential project 'Samasti 1001 Greens' being completed in April, 2017, the bookings

have been moderate. The company has received bookings for 104 residential units (out of 146 residential units) till date, which is ~ 71 percent of the total bookings. Going forward, the ability of the company to improve its cash inflows through satisfactory booking and sales of its unsold inventory will be a key rating sensitivity.

Outlook: Stable

Acuite believes that 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 from the sales of the unsold inventory. Conversely, the outlook may be revised to 'Negative' in case there is any delay in selling of unsold inventory, thereby creating pressure on liquidity.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	4.78	4.95	7.53
EBITDA	Rs. Cr.	2.14	2.27	2.76
PAT	Rs. Cr.	0.21	0.07	0.08
EBITDA Margin	(%)	44.67	45.86	36.67
PAT Margin	(%)	4.39	1.51	1.10
ROCE	(%)	11.57	12.01	29.38
Total Debt/Tangible Net Worth	Times	2.91	3.83	5.34
PBDIT/Interest	Times	1.20	1.09	1.08
Total Debt/PBDIT	Times	5.66	6.37	5.56
Gross Current Assets (Days)	Days	906	1099	752

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>
- Infrastructure Entities - <https://www.acuite.in/view-rating-criteria-14.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.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	8.07	ACUITE B / Stable
Proposed	Not Applicable	Not Applicable	Not Applicable	1.23	ACUITE B / Stable

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About Acuite Ratings & Research:

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