

Press Release

Shrishri Infrastructure Private Limited

D-U-N-S® Number: 87-379-5573

March 22, 2019



Rating Assigned

Total Bank Facilities Rated*	Rs. 15.00 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. 15.00 crore bank facilities of Shrishri Infrastructure Private Limited (SIPL). The outlook is '**Stable**'.

SIPL, incorporated in 2011, is promoted by Mr. Shrikant Khatod and his brother, Mr. Shriram Khatod. The company is engaged in development of private residential and commercial building projects at Jalgaon district (Maharashtra).

Analytical Approach

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

Key Rating Drivers

Strengths

• Experienced Management

Promoted by Mr. Shrikant Khatod and Mr. Shriram Khatod, the company is engaged in Engineering Procurement and Construction (EPC) and real estate construction and development. Under various SPVs and JVs, the company has completed 10 real estate projects in Maharashtra. It has been associated with the real estate business for more than five decades and the fourth generation of the family is currently managing the operations of the company. Experience of the promoters has helped SIPL to expand its business into civil construction of roads and bridges. Acuité believes that the company will continue to benefit from its established presence in the state.

• Healthy cushion against debt servicing

The company has already completed the construction of its real estate project- 'ShriShri Lake Pride'. The project is spread over 2 lakh sq ft having total of 134 apartments including 2bhk, 3bhk and 4 bhk. Out of the total saleable area of 151000 sq ft, the company has sold 116000 sq ft and received Rs.25.00 crore till December 2018. Balance receivables from unsold inventory of ~Rs.15.00 crore are expected to be realized by FY2020 against which the company has an outstanding project debt of ~Rs.2.92 crore. Acuité believes that the company will be able to service its debt obligations timely on the back of sufficient cashflows.

Weaknesses

• Nascent stage of EPC business

SIPL has expanded its business in 2018 into EPC segment by entering into government contracts for construction of roads and bridges. The company has a current order book of ~Rs. 45.00 crore, however, is yet to demonstrate healthy accruals in its EPC segment. Acuité, however, believes that the company will continue to benefit from its experienced management.

Liquidity Position:

SIPL has completed the construction of its real estate project and has sold almost 80 per cent of its inventory. Acuité believes that the company will maintain moderate liquidity on account of expected cashflows from its unsold inventory against its debt repayment obligations. However, the inflows from EPC business and efficient management of its working capital will be a key monitrable.

Outlook: Stable

Acuité believes that SIPL will maintain a 'Stable' outlook over the medium term on account of its experience management. The outlook may be revised to 'Positive' in case the company achieves significantly higher than expected revenues and profitability. Conversely, the outlook may be revised to 'Negative' in case of slower than expected customer advances or in case of delays in execution of EPC business.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	22.91	0.98	0.10
EBITDA	Rs. Cr.	3.70	0.20	0.05
PAT	Rs. Cr.	1.53	0.03	0.01
EBITDA Margin	(%)	16.16	20.05	49.98
PAT Margin	(%)	6.68	3.32	11.09
ROCE	(%)	13.91	1.78	0.56
Total Debt/Tangible Net Worth	Times	0.32	3.79	1.14
PBDIT/Interest	Times	2.63	52.97	100.44
Total Debt/PBDIT	Times	2.58	55.49	78.69
Gross Current Assets (Days)	Days	763	9449	53127

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
Dropline Overdraft	Not Applicable	Not Applicable	Not Applicable	7.50	ACUITE BB / Stable
Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.50	ACUITE BB / Stable
Proposed	Not Applicable	Not Applicable	Not Applicable	4.00	ACUITE BB / Stable

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About Acuité Ratings & Research:

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