

Press Release

SHREE RIDDHISIDDHI BUILDWELL LIMITED

June 10, 2019



Rating Assigned

Total Bank Facilities Rated*	Rs. 34.50 Cr.
Long Term Rating	ACUITE BBB- / Outlook: Stable (Assigned)
Short Term Rating	ACUITE A3 (Assigned)

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE BBB-**' (**read as ACUITE BBB minus**) and short term rating of '**ACUITE A3**' (**read as ACUITE A three**) on the Rs. 34.50 crore bank facilities of SHREE RIDDHISIDDHI BUILDWELL LIMITED. The outlook is '**Stable**'.

The Agra-based, Shree Riddhi Siddhi Buildwell Limited (SRSBL) was incorporated in 2010 by Dr. Pramod Kumar Jain, Mr. Ankur Jain and Mr. Anuj Jain as a private limited company. SRSBL is engaged in a business of real estate development.

SRSBL has successfully completed two real estate projects PADAM PRIDE PHASE-I and PADAM ETERNITY, and currently the company has two ongoing projects, PADAM PRIDE PHASE-II and PADAM CORPORATE PARK. The company has also expanded into the field of civil construction and infrastructure development from the year 2017. The company currently has orders worth Rs.136.00 crore for infrastructure development which is to be executed by June, 2020.

Analytical Approach

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

Key Rating Drivers

Strengths

• Experienced management

The promoters Dr. Pramod Kumar Jain has significant experience of over four decades and Mr. Ankur Jain and Mr. Anuj Jain have experience of almost two decades in the real estate industry through group companies.

Acuité believes that the company's established track record of successful project execution and brand presence along financial backing from promoters will continue to support its business risk profile over near to medium term.

• Healthy customer attraction

SRSBL has witnessed healthy bookings not only in completed projects but also in its ongoing projects. The company has two completed projects, PADAM PRIDE PHASE-I and PADAM ETERNITY. PADAM PRIDE PHASE-I was launched in 2017 with the total salable area of 330720 LSF. The project has sales potential of Rs.86.48 crore. However, the project is completely sold out. PADAM ETERNITY was launched in 2018 with the total salable area of 110422 LSF. The project has sales potential of Rs.14.34 crore. This project has attracted ~77 per cent customer attraction. Further, the company has two ongoing projects, PADAM CORPORATE PARK and PADAM PRIDE PHASE-II. The construction status as on 31 March 2019, is ~72.38 per cent and ~53.78 per cent respectively. These projects are expected to complete by 2022 for PADAM CORPORATE PARK and PADAM PRIDE PHASE-II is expected to complete by 2020. However, the company has shown the ability to attract customer bookings to the tune of ~81 per cent for PADAM CORPORATE PARK and 47 per cent for PADAM PRIDE PHASE-II. Acuité believes the company's ability to further attract the customer bookings will remain a key rating sensitivity factor.

Weaknesses

• High execution risk over susceptibility to Real Estate Cyclical and Regulatory Risks

SRSBL is exposed to the risk of volatile prices on account of frequent demand-supply mismatches in the industry. The Real Estate sector is under high stress on account of large amounts of unsold inventory and high borrowing costs. This is primarily attributable to the high residential property prices due to persistent rollover of bank debt which has a cascading effect on the overall finance costs. Given the high degree of financial leverage the high cost of borrowing inhibits the real estate developers' ability to reduce prices. Further the industry is exposed to regulatory risk which is likely to impact players like SRSBL thereby impacting its operating capabilities.

Liquidity Position

SRSBL's liquidity is supported by healthy cash inflows reflected from healthy bookings of completed and ongoing projects. The company has received Rs.46.41 crore in form of customer advances from all the projects which is ~92% of total expected customer advance. The two projects will be completed in 2020 and 2022 respectively. The company has total debt outstanding of Rs.8.80 crore as on 31 March 2019. Any delay in launching the project or lower than expected cash realisation from flat booking will result in stretched liquidity position.

Outlook: Stable

Acuité believes that SRSBL will maintain a 'Stable' outlook over medium term on account of its experienced management in the industry and healthy booking levels of the projects. The outlook may be revised to 'Positive' in case the company 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, unsold inventory or in case of delay in project execution.

About the Rated Entity - Key Financials

	Unit	FY19 (Provisional)	FY18 (Actual)	FY17 (Actual)
Operating Income	Rs. Cr.	35.75	30.90	39.73
EBITDA	Rs. Cr.	2.53	2.24	1.22
PAT	Rs. Cr.	0.95	0.28	0.57
EBITDA Margin	(%)	7.08	7.25	3.07
PAT Margin	(%)	2.66	0.91	1.44
ROCE	(%)	1.96	1.58	0.96
Total Debt/Tangible Net Worth	Times	3.01	2.75	3.20
PBDIT/Interest	Times	4.61	6.30	47.28
Total Debt/PBDIT	Times	28.35	28.12	51.21
Gross Current Assets (Days)	Days	1863	2048	1479

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

CRISIL, vide its press release dated September 26, 2018 had denoted the rating of SHREE RIDDHI SIDDHI BUILDWELL LIMITED as 'CRISIL BB/Stable (Issuer Not Cooperating; Rating Migrated)' on account of lack of adequate information required for monitoring of ratings.

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	20.00	ACUITE BBB- / Stable (Assigned)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	7.00	ACUITE BBB- / Stable (Assigned)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.50	ACUITE BBB- / Stable (Assigned)
Bank guarantee	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE A3 (Assigned)

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About Acuité Ratings & Research:

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