

Press Release

Shree Riddhi Siddhi Buildwell Limited

June 20, 2019

Rating Reaffirmed & Assigned



Total Bank Facilities Rated*	Rs. 35.00 Cr. (Enhanced from Rs. 34.50 Cr.)
Long Term Rating	ACUITE BBB- / Outlook: Stable (Reaffirmed and Assigned)
Short Term Rating	ACUITE A3 (Reaffirmed)

* Refer Annexure for details

Rating Rationale

Acuite has reaffirmed long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) and short term rating of '**ACUITE A3**' (read as **ACUITE A three**) on the Rs.34.50 crore. Acuite has assigned '**ACUITE BBB-**' (read as **ACUITE triple B minus**) to the Rs.0.50 crore bank facilities of Shree Riddhi Siddhi Buildwell Limited (SRSBL). The outlook is '**Stable**'.

Agra-based, 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 the real estate development business. 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

Acuite 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.

Acuite believes that the company's established track record of successful project execution and brand presence along with 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. Acuite believes that 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 Cyclicity 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 such as 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 the form of customer advances from all the projects which is ~92 percent of the 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

Acuite 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)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Real Estate Entities - <https://www.acuite.in/view-rating-criteria-41.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)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
10-June-2018	Term loans	Long Term	20.00	ACUITE BBB- /Stable (Assigned)
	Cash Credit	Long Term	7.00	ACUITE BBB- /Stable (Assigned)
	Cash Credit	Long Term	4.50	ACUITE BBB- /Stable (Assigned)
	Bank guarantee	Short Term	3.00	ACUITE A3 (Assigned)

***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 (Reaffirmed)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	7.00	ACUITE BBB- / Stable (Reaffirmed)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.50	ACUITE BBB- / Stable (Reaffirmed)
Bank guarantee	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE A3 (Reaffirmed)
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	0.50	ACUITE BBB- / Stable (Assigned)

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About Acuité Ratings & Research:

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