

**Press Release**  
**Shree RSH Projects Private Limited**  
**April 04, 2024**



**Rating Downgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	60.00	ACUITE C   Downgraded	-
Total Outstanding Quantum (Rs. Cr)	60.00	-	-

**Rating Rationale**

Acuite has downgraded its long-term rating to '**ACUITE C**' (read as **ACUITE C**) from '**ACUITE BB**' (read as **ACUITE double B**) on the Rs. 60.00 Cr. bank facilities of Shree RSH Projects Private Limited (SRSHPPPL).

**Rationale for the downgrade**

The team has received the NDS on 03-04-2024 for the last 03 months in which the management has mentioned that there were ongoing delays in the repayment and on the management discussion the client also accepted that due to liquidity crunch the company was not able to pay its interest to its one of lender

**About the Company**

Incorporated in 2010, Shree RSH Projects Private Limited (SRSHPPPL) is engaged in carrying out the business of development and construction of residential and commercial projects. Currently, the company is headed by Mr. Hari Prasad Sharma, Mr. Hitesh Dani and Mr. Harshvardhan Sharma. SRSHPPPL has recently constructed a premium residential real estate projects "RSH Signature". Presently, the company has started construction of two commercial real estate projects "CREST Newtown" and "CORNER 47" in two of the prime locations in Kolkata.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has taken a standalone view of the business and financial risk profile of SRSHPPPL to arrive at the rating.

**Key Rating Drivers**

**Strengths**

**Experienced management and long operational track record**

The company has a long operational track record in the real estate industry for more than a decade. In addition to this, the promoter Mr. Hari Prasad Sharma is highly experienced and involved in the operations of the company. Acuite believes that the long operational track record of the company and promoter's extensive understanding and expertise will support the company's growth plans going forward.

**Weaknesses**

## **Delays in servicing term debt obligations**

Due to the liquidity constraints leading to mis-matches in the cash flows of the Company, ,

there has been delays in servicing debt repayments in a timely manner by SRSHPPL.

### **Below average financial risk profile**

The company's below average financial risk profile is marked by modest net worth, high gearing and weak debt protection metrics. The tangible net worth of the group decreased to Rs.12.97 Cr as on March 31, 2022 from Rs.16.04 Cr as on March 31, 2021 on account of losses incurred in FY2022. Gearing of the company stood high at 5.56 times as on March 31, 2022 as against 4.26 times as on March 31, 2021. Acuite has also considered unsecured loan of Rs.2.10 crore as quasi equity, as the same amount is subordinated with bank debt. The weak debt protection metrics of the company is marked by negative Debt Service Coverage Ratio as well as Interest Coverage Ratio(ICR) on March 31, 2022. Acuite believes of the company that financial risk profile is expected to be improving over the medium term.

### **Rating Sensitivities**

- Timely servicing of term debt obligations

### **Liquidity Position**

#### **Stretched**

The liquidity position of the company is stretched marked by NDS defaulter which states that the company has ongoing liquidity crunch

### **Outlook: Not Applicable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	12.67	10.27
PAT	Rs. Cr.	(3.07)	(0.17)
PAT Margin	(%)	(24.23)	(1.64)
Total Debt/Tangible Net Worth	Times	5.56	4.26
PBDIT/Interest	Times	(29.27)	43.05

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

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Real Estate Entities: <https://www.acuite.in/view-rating-criteria-63.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in)

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
10 Jul 2023	Term Loan	Long Term	60.00	ACUITE BB   Stable (Downgraded from ACUITE BB+   Not Applicable)
06 Dec 2022	Proposed Long Term Bank Facility	Long Term	60.00	ACUITE BB+   Not Applicable (Reaffirmed & Issuer not co-operating*)
09 Sep 2021	Proposed Long Term Bank Facility	Long Term	60.00	ACUITE BB+   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Punjab National Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	15 Jul 2027	Simple	60.00	ACUITE C   Downgraded ( from ACUITE BB )

## Contacts

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### About Acuité Ratings & Research

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