



Press Release
RAICHANDANI CONSTRUCTIONS
April 18, 2025
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	40.00	ACUITE BB+ Stable Assigned	-
Bank Loan Ratings	80.00	ACUITE BB+ Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	120.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has reaffirmed its long-term rating of ‘**ACUITE BB+’ (read as ACUITE double B pluso)**n the Rs.80.00 Cr. of Bank loan facilities of Raichandani Constructions (RC). The outlook is ‘**Stable**’.

Acuité has assigned its long-term rating of ‘**ACUITE BB+’ (read as ACUITE double B pluso)**n the Rs. 40.00 Cr. of Bank loan facilities of Raichandani Constructions (RC). The outlook is ‘**Stable**’.

Rationale for rating

The rating reaffirmation considers the migration of the rating of Raichandani Constructions (RC) from 'Issuer Not Co-operative (INC)' status. The rating factors in the long-standing experience and established track record of Raichandani Group and low funding risk in ongoing projects. However, the rating is constrained by moderate project execution risk, high offtake risk, risk of capital withdrawal inherent in the partnership firm and susceptibility to cyclicalities inherent in the real estate industry.

About the Company

Hyderabad based; M/s. Raichandani Constructions (RC) was established in 2012. The firm is engaged in construction of residential and commercial projects. It is a partnership firm, with Mr. Deepak Raichandani, Mr. Prakashlal Raichandani and Mr. Hitesh Raichandani, as partners. Presently ongoing projects under RC are Akshaya Serenity, Eka One, Five Star ,Gurukrupa ,Raichandani Orion ,Raichandani Avenue, Raichandani Galaxy ,SSRV Towers and Time Square.

Unsupported Rating

Not applicable

Analytical Approach

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

Key Rating Drivers

Strengths

Experienced promoters, demonstrated track record in real estate business

Raichandani group is a Hyderabad based commercial and real estate developer promoted by Mr. Deepak Raichandani, Mr. Prakashlal Raichandani and Mr. Hitesh Raichandani. The group has more than 15 years of

experience as real estate developer through various projects executed under the group. The Raichandani group is a well-established brand name in Hyderabad and has completed more than 4 million Sq.fts of residential and commercial projects. Currently, firm is engaged in development of projects namely Galaxy at Miyapur main road, Eka One at Kokapet, Time square multiplex, Avenue, Orion, Gurukrupa at Kompally main road, Akshaya serenity villas at Cherapally. Acuité believes that the promoters have demonstrated good execution capabilities with a reputation for quality and timely completion in the past which would benefit the ongoing projects.

Low funding risk

The ongoing project 'Avenue' has the total saleable area of 63,542 Sq fts, with 100 percent RC's share having the total project cost of Rs.35.18 Cr. which is funded through promotor's contribution of Rs.11.28 Cr. (in the form of capital and unsecured loans), bank loan of Rs.21.00 Cr. and balance through customer advances. The funding risk in the project remains low as the firm has already completed debt tie up with lenders for amount of Rs.21.00 Cr, of which Rs. 9.80 Cr. disbursed as on date. Further the ongoing project 'Orion' has the total saleable area of 50,538 Sq fts, with 100 percent RC's share having the total project cost of Rs.33.53 Cr. which is funded through promotor's contribution of Rs.12.15 Cr. (in the form of capital and unsecured loans), bank loan of Rs.18.00 Cr. and balance through customer advances. The funding risk in the project remains low as the firm has already completed debt tie up with lenders for amount of Rs.18.00 Cr, of which Rs. 11.00 Cr. disbursed as on date.

The ongoing project 'EKA one' has the total saleable area of 5,44,536 Sq fts, out of total saleable area RC's share is 3,14,018 Sq fts with the total project cost of Rs.222.79 Cr. Earlier the total project cost was to be funded through promotor's contribution of Rs.50 Cr, bank loan of Rs.80 Cr. and balance through customer advances. Due to non-fulfilment of pre disbursement conditions, the bank loan was not disbursed and accordingly RC revised the means of finance of the project, wherein promoters infused own funds to the extent of term loan requirements. The firm has incurred about 42 percent of project cost till date against which it has received the bookings of 43 percent of total units and received customer advances of around 38 percent of the total sales consideration of Rs.98.45 Cr. as on March 31, 2025.

The other three projects namely Akshaya Serenity, Five Star, SSRV towers are at very nascent stage of construction with ~ 10-20 per cent completed as on date and its debt tie up of ~ Rs. 54 Cr. is under the advance stage of consideration. The promoters are high net worth individuals and promoter companies being debt-averse further mitigate the funding risk. Acuité believes that timely infusion of funds from promoters along with timely sanction of bank loan will be a key monitorable.

Weaknesses

Moderate project execution risk

The construction of the project namely Avenue started in January 2024 and is expected to complete by October 2026 and the construction of the project namely Orion started in July 2023 and is expected to complete by May 2026. There are inherent project risks as being in moderate stage of construction as ~ 68 per cent and ~82 percent of the cost incurred till date respectively. The other ongoing projects namely Akshaya Serenity, Five Star, SSRV towers are at very nascent stage of construction with ~ 10-20 per cent cost incurred as on date. Further, in project Eka One ~ 42 per cent of the cost has been incurred till date which exposes it to the moderately high project execution risk as the completion of the said project is also highly dependent on the promoter's contribution and augmentation of timely customer advances. However the risk is mitigated to an extent as the group has established track record of completion of projects in a timely manner. Acuite believes, any delay in completion of the project may lead to cost and time overruns which will remain a key rating sensitivity.

High offtake risk albeit adequacy of cashflows

In project Avenue the firm has incurred about ~ 68 percent of project cost till date against which sale deed of 4 shops are completed and booking amount for 7 shops has received representing the booking of ~20.37 percent (11 shops booked out of the total shops of 54) with the collection of Rs 5.58 Cr. which are ~ 15.86 per cent of total cost of project. In project Orion the firm has incurred about ~ 82 percent of project cost till date against which sale deed of 6 shops are completed and booking amount for 7 shops has received representing the booking of ~35.14 percent (13 shops booked out of the total shops of 37) with the collection of Rs 7.00 Cr. which are ~20.88 per cent of total cost of project. The project cash flows are expected to remain sufficient over the medium to long term vis-à-vis the debt obligations with average project DSCR of ~1.35 times for Avenue project and ~1.57 times for Orion project which is expected to remain above unity during the tenure of the project. Acuité believes that timely booking of unsold units and augmentation of adequate customer advances from bookings will remain a key rating monitorable.

Susceptibility to real estate cyclical and regulatory risks

The real estate industry in India 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 in nature and directly linked to drop in property prices and interest rate risks, which could affect the operations. Given the high level of financial leverage, the high cost of borrowing prevents the real estate's developers' from significantly reducing prices to boost sales growth. Moreover, the industry is also exposed to certain regulatory risks linked to stamp duty and registration tax directly impacting the demand and thus the operating growth of real estate players.

Capital withdrawal risk associated with partnership firm

Being a partnership firm, firm is exposed to the capital withdrawal risk. Any significant withdrawal from the partner's capital will have a negative bearing on the financial risk profile of the firm.

Rating Sensitivities

- Timely completion of the ongoing projects without any cost or time overrun
- Timely sale of unsold inventory and realisation of its customer advances from bookings
- Any sharp decline in cash flow due to slower customer advances or delays in project execution

Liquidity Position

Adequate

The firm is in moderate stage of construction in its ongoing projects, liquidity is aided by infusion of funds from promoters, timely disbursement of bank loan and collection from customers. Moreover, liquidity can be further strengthened by collection from customers and financial flexibility of the promoters, which adds to the advantage to the firm. Liquidity is expected to be remained sufficient over the medium term with an expected DSCR ~1.35 times for Avenue and ~1.57 times for Orion i.e above unity in a base case scenario for both the project.

Outlook

Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	34.21	59.47
PAT	Rs. Cr.	0.67	1.36
PAT Margin	(%)	1.97	2.29
Total Debt/Tangible Net Worth	Times	2.16	0.91
PBDIT/Interest	Times	2.29	5.03

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

Not applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

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, Acuité 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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
28 Mar 2025	Term Loan	Long Term	80.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
08 Jan 2024	Term Loan	Long Term	80.00	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	80.00	Simple	ACUITE BB+ Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE BB+ Stable Assigned
State Bank of India	Not avl. / Not appl.	Term Loan	05 Oct 2024	Not avl. / Not appl.	30 Sep 2028	21.00	Simple	ACUITE BB+ Stable Assigned
State Bank of India	Not avl. / Not appl.	Term Loan	05 Oct 2024	Not avl. / Not appl.	30 Jun 2028	18.00	Simple	ACUITE BB+ Stable Assigned

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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