



Press Release

SCC Builders Private Limited

October 16, 2020

Ratings

Instrument/Facility	Amount (Rs. Crore)	Ratings	Rating Action
Long term - Bank Facilities	150.00	IVR BB+/Stable Outlook (IVR Double B Plus with Stable Outlook)	Assigned
Total	150.00		

Details of Facilities are in Annexure 1

Detailed Rationale

The aforesaid rating assigned to the long term facilities of SCC Builders Private Limited (SCCBPL) derives comfort from its experienced promoters and management team with established track record of operations. The ratings also factor its timely completion & delivery of previous projects and moderate financial risk profile marked by moderate profitability and comfortable gearing ratio due to latest equity infusion in FY2020. These rating strengths are partially offset by nascent stage of ongoing projects, volatility in raw material prices, and exposure to intense competition with concentration of project in same location of Ghaziabad.

Key Rating Sensitivities

Upward Factor

- Successful and timely completion of the on-going projects,
- Ability to sell-off the inventory in SCC Blossom

Downward factor

- Rise in the debt levels
- Any delays in project execution leading to cost overruns with lower-than-expected cash flows from the unsold inventories and any deterioration in liquidity profile

Detailed Description of Key Rating Drivers

Key Rating Strengths



Press Release

- **Rich experience of the promoters having completed a number of real estate projects**

The promoters of the company Shri Vinod Goswami and Shri Vipul Giri are well experienced in development of real estate project in NCR. SCCBPL is a family owned business and both directors have experience of more than two decades in real estate segment. They are assisted by a team of qualified and experienced professionals.

- **Locational advantage**

All the projects of company are based in Ghaziabad UP. SCC Heights and SCC Sapphire were implemented in Raj Nagar Extension and the new project is also in Raj Nagar Extn Ghaziabad. After construction of new highways in Ghaziabad, the connectivity to Delhi and airport has increased.

- **Timely completion and delivery of previous projects**

SCCBPL over a period of past 15 years has undertaken several residential projects in NCR which include Abhishek Residency I", "Abhishek Residency II", "Abhishek Residency III", Abhishek Home, SCC Heights, SCC Arcade, SCC Sapphire-Phase-I, SCC Sapphire- Phase-II and SCC Blue Arcade. All projects were completed and delivered on time.

- **Moderate financial profile marked by revenue growth, moderate profitability and comfortable gearing ratio:**

The total operating income of the company grew at a CAGR of ~19% in the last three years FY17-FY19, with YOY growth of ~27% in FY19 driven by higher sale of unsold inventory and higher received of advances. The EBITDA margin remained in the range of 15.98-17.60% during the last three years ended in FY2019 and 33.12% in FY2020. The Overall gearing ratio remained comfortable at 0.96x as on March 31, 2020. Furthermore, the company has also done fresh equity infusion of Rs.16.33 Crs during FY2020. Infomerics has considered unsecured loan as quasi equity and excluded it from total debt.

Key Weaknesses

- **Nascent stage of ongoing projects**

The projects are in its nascent stage hence high execution and saleability risk exists.

- **Intense competition**



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The real estate sector in India is highly fragmented with most of the real estate developers having region-specific presence leading to creation of immense competition for the company. Overall real estate sector has adversely been impacted by demonetisation, large inventory of completed and unsold units coupled with negative market segments.

- **Concentration risk**
The promoter companies primarily have presence in Ghaziabad, UP and hence, moderate geographic concentration risk continues.

Analytical Approach: Standalone

Applicable Criteria:

Rating methodology for Real Estate Companies

Financial ratios and Interpretation (Non-Financial Sector)

Liquidity: Stretched

The projects of SCCBPL have been funded by a combination of debt, customer advances and promoter funds. SCCBPL executes its projects primarily by means of customer advances and promoter funds. Hence, the liquidity is largely dependent on regular and timely receipt of customer advances. Further, the working capital utilisation for the past 12-month period ended March, 2020 was moderate at ~90% indicating a limited liquidity buffer. However, the projects are approved by Banks and do not envisage any delay in loan disbursement on the basis of the progress of construction.

About the Company

SCC Builders Pvt Ltd was incorporated in July 2005 in Noida has its registered office at Second Floor, D - 218A Vivek Vihar New Delhi & corporate office at Sector 63, Noida, UP. The company is engaged in development of real estate projects (Residential along with commercial development).

At present, the company developing a project "SCC BLOSSOM" under U.P. Govt. Pradhan Mantri Awas Yojana on ~17,330 sqm at Raj Nagar Extension, Gaziabad. The Project consists of approximately 684 Dwelling units of 2 & 3 BHK, with all modern amenities and



Press Release

252 - 1 BHK affordable Units as per U.P Govt. Pradhan Mantri Awas Yojna (PMAY). Also, commercial development for SCC High Street, Narsing Home and School.

Financials (Standalone Basis)

For the year ended / As On	(Rs. crore)	
	31-03-2019 (Audited)	31-03-2020 (Provisional)
Total Operating Income	72.82	32.65
EBITDA	12.80	10.81
PAT	0.78	0.55
Total Debt	65.04	82.74
Tangible Networth (Adjusted)	85.01	85.84
EBITDA Margin (%)	17.58	33.12
PAT Margin (%)	1.05	1.68
Overall Gearing Ratio (x)	0.77	0.96

Status of non-cooperation with previous CRA: On June 30, 2020, BWR has moved the rating of SCC Builders Pvt Ltd under issuer not co-operating category due to non-receipt of adequate information.

Any other information: None

Rating History for last three years:

S. No.	Name of Instrument/ Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Fund Based Bank Facilities	Long Term	150.00	IVR BB+/Stable Outlook	-	-	-

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

Name and Contact Details of the Rating Analyst:

Name: Mr. Ravi Prakash
Tel: (011) 24655636



Press Release

Email: rprakash@infomerics.com

About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long term Bank Facilities -Term Loan	-	-	June, 2025	60.00	IVR BB+/Stable Outlook
Long Term Bank Facilities - ODP	-	-	-	8.10	IVR BB+/Stable Outlook



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Long term Bank Facilities -Term Loan (Proposed)	-	-	-	81.90	IVR BB+/Stable Outlook
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