



## Press Release

### Riddhish Buildcon

January 10, 2025

#### Ratings

Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facility	59.00	IVR BB+/ Stable (IVR Double B Plus with Stable outlook)	IVR BB-/ Stable (IVR Double B Minus with Stable outlook)	Rating upgraded	<a href="#">Simple</a>
<b>Total</b>	<b>59.00</b> <b>(INR fifty-nine crore only)</b>				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

#### Detailed Rationale

Infomerics has upgraded the long-term rating assigned to the bank facility of Riddhish Buildcon (RB) considering the significant progress made in the project along with healthy booking levels. The rating also continues to drive strength from experienced partners and management team, and favourable location of the project. However, these rating strengths are partially constrained by the fact that RB has project implementation risk, project concentration risk, exposure to risks relating to cyclicalities in the real estate industry, and risk associated with partnership firm.

The long-term rating outlook remains Stable as the entity will continue to benefit from long track record of operations and the extensive experience of the partners.

#### Key Rating Sensitivities:

##### Upward Factors

- Timely receipt of customer advances
- Improvement in financial risk profile
- Scheduled completion of the ongoing project

##### Downward Factors

- Significant delay in disbursement of committed lines of funding
- Weaker than anticipated sales performance and lower than expected collections which may lead to increased funding risk
- Time and cost overrun in the ongoing project

#### List of Key Rating Drivers with Detailed Description



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### Key Rating Strengths

#### **Significant progress made in the project along with healthy booking levels**

The total cost envisaged to the project is Rs. 132.80 Cr, which is projected to be met through partners' contribution of Rs. 36.00 Cr (including unsecured loan of Rs. 25.00 Cr to be treated as quasi equity), unsecured loan of Rs. 4.77 Cr, term loan of Rs.59.00 Cr, and customer advances of Rs. 33.03 Cr. The project has made significant progress, with ~55% of construction completed till 31<sup>st</sup> December 2024, ensuring it remains on schedule for completion by Dec 2028. Total cost incurred till 31<sup>st</sup> December 2024 was Rs. 72.99 Cr, the same was funded through the partner's contribution of Rs. 25.41 Cr, term loan of Rs. 29.30 Cr, customers advance of Rs. 12.38 Cr, unsecured loan of Rs. 5.66 Cr, and creditors of Rs. 0.24 Cr. The customer advances have risen substantially to Rs. 12.38 Cr till 31<sup>st</sup> December 2024 from Rs. 1.24 Cr in September 2023. Additionally, as on 31-12-2024, 43% of the total carpet area has been booked at an average rate of Rs. 7,249 per sq. ft., generating total sales value of Rs. 68.19 Cr. These developments highlight the project's steady execution and strong sales performance.

#### **Experienced partners and management team**

RB was incorporated in 2021 by Rajeshkumar Manoharlal along with other partners, all having more than 20 years of experience in the real estate sector. The partners have completed 10 projects in Ahmedabad. The experience of the Partners would thus keep the firm in good stead and help it to complete the Satatya Syril 2 project in a timely manner.

#### **Favourable location of the project**

RB is located in a developed area of Ahmedabad within close proximity to Vaishnodevi Circle with upper class locality that has good marketability feature. The project is in the vicinity of the local market with easy accessibility to the railway station and the airport. The project is 18.5km away from Kalupur Railway Station & 15 km from the Airport.

### Key Rating Weaknesses



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### **Project implementation risk**

A significant portion of the project still remains to be completed. Projects such as this are vulnerable to various types of external risk which are uncontrollable. Therefore, Infomerics believes that even with past successful projects of the partners the current project is still prone to implementation risk.

### **Project concentration risk**

The firm is undertaking a single project in Ahmedabad, Gujarat, which exposes to project concentration risk. The fortune of the project therefore will depend on the overall market sentiment in the region.

### **Exposure to risks relating to cyclicity in the real estate industry**

Being a cyclical industry, real estate depends on macro-economic factors and the firm's dependence on a particular geography further heightens such risk. The real estate industry also remains susceptible to regulatory risk. Cumulatively, these may have a material bearing on the real estate project cash flows. This may impact the debt servicing ability of the firm. Managing the same thus remains critical.

### **Risk associated with partnership firm**

RB is a partnership firm, it remains exposed to discrete risks, including the possibility of withdrawal of capital by the partners and the risk of dissolution of the firm upon the death, retirement, or insolvency of partners.

**Analytical Approach:** Standalone

### **Applicable Criteria:**

[Rating Methodology for Real Estate Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

**Liquidity – Adequate**



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The average cash flow cover between FY25 and FY27 is at 1.48x, which signals adequate liquidity. Moreover, the firm is likely to benefit from the resourcefulness of the partners. Favourable repayment structure of the debt availed for the project also provides some comfort.

### **About the firm**

Riddhish Buildcon was incorporated on 24<sup>th</sup> August 2021. It is part of the Satatya Group which was established in the year 2005 by Shri Sanjay Bhai Kanu Bhai Patel along with other partners. So far, the group has completed 10 projects with a total Built-up area of 84,849.18 Sq. ft. Under Riddhish Buildcon, the group is promoting Satatya Syril II located in Vaishnodevi Circle, Ahmedabad. As per RERA, the project has a tenure of 5 years starting from 09-04-2023 to 31-12-2028.

### **Financials (Standalone):**

**(Rs. crore)**

<b>For the year ended/ As on*</b>	<b>31-03-2023</b>	<b>31-03-2024</b>
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	0.00	0.00
EBITDA	-0.15	3.32
PAT	0.01	0.00
Total Debt	0.00	19.77
Adjusted Tangible Net Worth	15.22	25.41
EBITDA Margin (%)	-	-
PAT Margin (%)	5.07	-0.45
Overall Gearing Ratio (x)	0.00	0.78
Interest Coverage (x)	-56.44	0.86

*\* Classification as per Infomerics' standards.*

**Status of non-cooperation with previous CRA: Nil**

**Any other information: Nil**

**Rating History for last three years:**



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Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					(Nov 24, 2023)	-	-
1.	Term Loan	Long Term	59.00	IVR BB+/Stable	IVR BB-/Stable	-	-

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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Instrument/Facility Details:

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	Mar 2028	59.00	IVR BB+/ Stable

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-Riddhish-Buildcon-jan25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable**

**Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable**

**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](http://www.infomerics.com).