



Press Release

Riddhish Buildcon

November 24, 2023

Ratings

Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facility	59.00	IVR BB-/ Stable (IVR Double B minus with Stable outlook)	Assigned	Simple
Total	59.00 (INR fifty nine crore only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the bank facility of Riddhish Buildcon (RB) derives strength from the experienced partners and management team and favourable location of the project. However, these ratings strengths are constrained by the facts that RB has nascent stage of current operations, project implementation risk, asset concentration risk, significant reliance on timely receipt of the customer advances, volatility to occupancy and vulnerability to cyclicity in the real estate sector and risk associated with partnership firm.

Rating Sensitivities

Upward Factors

- Considerable increase in collections, with continued robustness in collection efficiency, resulting in better-than-expected cash flow, along with reduction in debt on a sustainable basis
- Increase in sales velocity.

Downward Factors

- Weaker-than-anticipated sales performance and lower-than-expected collections, which may lead to increased funding risk.
- Time and cost overrun in the project.

Detailed Description of Key Rating Drivers



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Key Rating Strengths

Experienced partners and management team

Riddhish Buildcon (RB) was incorporated in 2021 by Rajeshkumar Manoharlal and other partners all having an experience of more than 20 years in the real estate sector. The partners have till date 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 have 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

Nascent Stage of current operations

The project is at its nascent stage with only ~15% of the estimated construction cost incurred till date. Cash collected from customers is only ~10% of the estimated total sales proceeds. Thus, there are execution risks connected with the project. Infomerics would continue to monitor this aspect periodically.

Project implementation risk

So far only 15% of the project has been 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.

Asset concentration risk



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The partnership entity is carrying out only this project in a particular location.

Significant reliance on timely receipt of the customer advances

Only 10% of the total flats have been booked so far. Considering such low booking rates, it is highly possible that the project might not receive the customers advance on due time.

Volatility to occupancy and vulnerability to cyclical in the real estate sector

Rental collection, the key source of revenue, is exposed to volatility because of economic downturns, thereby impacting the tenant's business risk profile and hence occupancy. In contrast, cash outflow such as debt obligation, is relatively fixed. Although cash flow and liquidity buffer will be able to absorb the impact of fluctuations in occupancy and interest rate to some extent, they remain rating sensitivity factors.

Risk associated with partnership firm

RB is a 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 Entities](#)

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

[Criteria for assigning rating outlook](#)

Liquidity – Stretched

The Firm's high reliance on booking advances to fund the project compared to partners' contribution, withholds comfort on the liquidity factor and raises the risk of time overrun to a large extent. The average cash flow cover between FY24 and FY26 is at 1.02x, which also signals the inadequacy of liquidity. However, the Firm is likely to benefit from the resourcefulness of the partners. Favourable repayment structure of the debt availed for the projects also provides some comfort.



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About the Firm

Riddhish Buildcon (RB) was incorporated in 2021 by Rajeshkumar Manoharlal and other partners all having an experience of more than 20 years in the real estate sector. The partners have till date completed 10 projects in Ahmedabad.

Financials (Standalone):

(Rs. crore)

For the year ended* / As on	31.03.2022	31.03.2023
	-	Provisional
Total Operating Income	-	0.00
EBIDTA	-	(0.15)
PAT	-	0.01
Total Debt	-	0.00
Tangible Net Worth	-	15.22
EBDITA Margin (%)	-	-
PAT Margin (%)	-	-
Overall Gearing Ratio (x)	-	0.00

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sl. No.	Name of Instrument/Facilities	Current Rating (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount Outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Term Loan	Long Term	59.00	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



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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.

For more information visit www.infomerics.com.

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Annexure 1: Details of Facility

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



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Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-Riddhish-nov23.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: 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

