



Press Release

Shinde Developers Private Limited

February 11, 2022

Ratings

Instrument / Facility	Amount (Rs. Crore)	Ratings	Rating Action	Complexity Indicator (Simple / High / Complex)
Long Term Bank Facilities	45.00	IVR BBB- / Credit Watch with Developing Implication (IVR Triple B Minus under Credit Watch with Developing Implication)	Assigned	Simple
Short Term Bank Facilities	95.00	IVR A3 Credit Watch with Developing Implication (IVR A Three under Credit Watch with Developing Implication)	Assigned	Simple
Total	140.00 (Rs. One hundred and forty Crore)			

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the bank facilities of **Shinde Developers Private Limited** derives strength from Long-standing presence in the sector, Experienced promoters & management team, Healthy order books position and projects in pipeline provide short to medium term revenue visibility and Competitive edge marked by implementation of Dura technology. The rating is however constrained by Moderate financial risk profile, Working capital intensive operations and Tender driven nature of business in highly fragmented & competitive construction sector.

Credit watch has been assigned to monitor the benefits of the implemented DURA Technology on the overall financial risk profile.



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Key Rating Sensitivities:

Upward Factors

- Substantial & sustained improvement in revenue and/or profitability leading to improvement in debt protection metrics.

Downward Factors

- Any decline in revenue and/or profitability leading to deterioration in debt protection metrics.
- Deterioration in liquidity profile of the company.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Long-standing presence in the sector

SDPL is L1 contractor and engaged in activities namely, construction, operation and maintenance of roads and highways, water irrigation works, construction of railway lines etc. It also executes industrial projects from the planning stage, land development, building construction to entire completion and civil works. The company has executed work orders for Public Works Department (PWD), National Highways Authority of India (NHAI), Maharashtra Industrial Development Corporation, Indiabulls Power Limited etc.

Experienced promoters & management team

Mr. Sunil Shinde, the founder, promoter and chairman of Shinde Group of Companies, is a graduate holding the position of Managing Director in SDPL. He has over 35 years of experience in the field of Real Estate and Property development, Civil Contracting, Chemical Engineering & Production and various industries. Mr. Satyajit a whole-time director of the company has executed varied projects and has 25 years of experience working in the construction industry. The company has a team of experienced and capable professionals having over 30 years of experience in the segment. Altogether, the company's management has developed an understanding of the sector and established strong working relations with major stakeholders.



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Healthy order books position and projects in pipeline provide short to medium term revenue visibility

Out of the ongoing orders, the company has executed orders amounting to Rs. 845.21 Crore which is approximately 38% of the order book. The company expects to complete remaining work orders amounting to Rs. 1074.59 Crore by FY23. Simultaneously, the company is bidding for new projects of Maha-Metro, Nagpur, NHAI, NHIDC, PWD etc. indicating a satisfactory near to medium term revenue visibility. Some of these projects are executed and bided along with reputed players like Tata, Reliance, Welspun, JMC etc. Strong execution capability and timely delivery of orders has led to continuous order-flow that has helped the company to scale up its operations.

Competitive edge marked by implementation of Dura technology

DURA Technology (DURA) is a patented product made up of material called “Ultra High-Performance Fibre Reinforced Concrete” (UHPFRC), application of which is found to be most effective in terms of life cycle, cost savings of superstructures. SDPL have done Technology Transfer agreement with M/s. DURA to bring this technology in India with exclusive rights of implementation with SDPL. Ministry of Road transport and Highways have approved construction of first bridge construction i.e., Bankot Bridge to SDPL with this technology. Synergies of undertaking this technology will provide benefits qualitatively as well as quantitatively further helping SDPL to bag more orders going forward along with increasing revenue booking and profitability.

Key Rating Weaknesses

Moderate financial risk profile

The TOI has improved by 42% and stood at Rs. 293.35 Crore as against Rs. 208.63 Crore in FY20 driven by increased work order execution. The implementation of DURA technology impacted the profitability of the company resulting into EBITDA margin at 7.16% and PAT margin at 0.41% in FY21. Further, during the 9MFY22, revenue stood at Rs. 288.24 Cr. along with EBITDA margin standing at 12% and PAT margin at 5%. The total indebtedness of the company as reflected by TOL/ANW remained at 3.35x in FY21 as against 2.64x in FY20. Interest coverage ratio was comfortable at 1.71x in FY21 (2.95x in FY20). Infomerics



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expects that the financial performance of SDPL will improve in the near term with an upside bias owing to new bids that are in process.

Working capital intensive operations

The company has to make large working capital investments for the work orders received from the government authorities. Total operating cycle stood at 59 days in FY21 and 31 days in FY20 mainly because of the disruption in supply chain due to Covid-19 lockdown. Intense working capital driven business has resulted in fully utilized working capital limits from banks.

Tender driven nature of business in highly fragmented & competitive construction sector

The domestic infrastructure works sector is highly crowded with presence of many players with varied statutes & capabilities due to which profitability margins come under pressure. Further, the company receives its work orders from government departments through tenders floated by the departments. Economic vulnerability in developing markets, delay in payments from the Government, project execution risk and fluctuating input costs are the key business risks faced by the company in the sector.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Infrastructure Companies](#)

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

Liquidity – Adequate

The overall liquidity position is adequate given the gross accruals of Rs. 6.75 crores in FY2021 and projected to increase to Rs. 30.66 crores on back of increased order execution and projected growth in the turnover. The working capital utilisation has remained almost full at ~99% for the past 12 months ended Nov. 2021 mainly on account of higher order execution. Moreover, the overall cash credit limits stood ~15% of the total turnover of the company. The cash and cash equivalents stood at Rs. 17.15 Cr. (Major portion of cash and cash equivalents constitutes margin money amounting to Rs. 16.65 Cr.)



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About the Company:

Shinde Developers Private Limited (SDPL) is a Pune based company. It was incorporated in 1997 by Mr. Sunil Shinde. The company is engaged in the construction and designing of Roads, Highways, Bridges, Tunnels, Metro, Dams, Canals and Industrial Development, etc. The company undertakes civil construction activities for the government as well as private players.

Financials (Standalone):

(In Crore)

For the year ended/ As on*	31-03-2020 (Audited)	31-03-2021 (Audited)
Total Operating Income	208.63	293.35
PAT	8.43	1.20
Total Debt	79.42	91.25
Tangible Net Worth	59.78	60.24
PAT margin (%)	4.04	0.41
Overall Gearing Ratio (x)	1.50	1.52

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA:

Name of CRA: Brickworks Rating

Last PR date: 11th November 2021

Reason for INC: Issuer did not co-operate



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Any other information: NA

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Cash Credit	Long term	45.00	IVR BBB- / Credit Watch with Developing Implication	-	-	-
2.	Bank Guarantee	Short term	95.00	IVR A3 Credit Watch with Developing Implication	-	-	-

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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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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: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	45.00	IVR BBB- / Credit Watch with Developing Implication
Bank Guarantee	-	-	-	25.00	IVR A3 Credit Watch with Developing Implication
Bank Guarantee	-	-	-	45.00	IVR A3 Credit Watch with Developing Implication
Bank Guarantee	-	-	-	25.00	IVR A3 Credit Watch with Developing Implication

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

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/shinde-developers-lenders-feb22.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.