

Rating Advisory

July 30, 2018 | Mumbai

Saakaar Constructions Private Limited

Advisory as on July 30, 2018

This rating advisory is provided in relation to the rating of Saakaar Constructions Private Limited

The key rating sensitivity factors for the rating include:

- Timely receipt of customer advances
- Time or cost overrun in project execution
- Saleability of projects

CRISIL Ratings has a policy of keeping its accepted ratings under constant and ongoing monitoring and review. Accordingly, it seeks regular updates from companies on business and financial performance. CRISIL is yet to receive adequate information from Saakaar Constructions Private Limited (SCPL) to enable it to undertake a rating review. CRISIL is taking all possible efforts to get the rated entity to cooperate with its rating process for enabling it to carry out the rating review.

CRISIL views information availability risk as a key factor in its assessment of credit risk. (Please refer to CRISIL Ratings publication dated April 30, 2012 - 'Information Availability - a key risk factor in credit ratings')

If SCPL continues to delay the provisioning of information required by CRISIL to undertake a rating review then, in accordance with circular SEBI/HO/MIRSD/MIRSD4/CIR/P/2016/119 dt Nov 1, 2016 and SEBI/HO/MIRSD/ MIRSD4/ CIR/ P/ 2017/ 71 dt June 30, 2017 issued by Securities and Exchange Board of India, CRISIL will carry out the review based on best available information and issue a press release.

About The Company

Incorporated in October 1996, SCPL develops residential real estate in Patna. It sells its projects under the Saakaar brand. Mr Sudip Kumar, Mrs Smita Choudhury, Mr Jitendra Nath Gupta, Ms Usha Agarwal, and Mr Ravi Talwar are the directors.

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Rating Rationale

June 14, 2017 | Mumbai

Saakaar Constructions Private Limited

Rating Reaffirmed

Rating Action

Total Bank Loan Facilities Rated	Rs.5 Crore
Long Term Rating	CRISIL B/Stable (Reaffirmed)

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL has reaffirmed its rating on the long-term bank facility of Saakaar Constructions Private Limited (SCPL) at 'CRISIL B/Stable'.

The rating continues to reflect slow booking progress in its ongoing project, resulting in subdued flow of advances, and exposure to risks and cyclicalities inherent in the real estate sector. These weaknesses are partially offset by promoters' extensive experience in the real estate industry and established brand in Patna (Bihar).

Key Rating Drivers & Detailed Description

Weaknesses

* **Slow booking progress in ongoing project resulting in demand and funding risks:** The ongoing project is exposed to demand and funding risks as slowdown in demand has resulted in low bookings. This has also led to slower flow of advances, leading to high funding risk.

* **Exposure to risks and cyclicalities inherent in the real estate industry:** PPPL remains exposed to inherent risks and cyclicalities associated with the Indian real estate industry because of a highly fragmented market structure due to the presence of several regional players.

Strength

* **Extensive experience of promoters and established brand:** The promoters' experience of over two decades has helped them develop good understanding of industry dynamics. Furthermore, longstanding presence has enabled establishment of, Saakaar, as a brand in Patna.

Outlook: Stable

CRISIL believes SCPL will continue to benefit over the medium term from its promoters' extensive experience. The outlook may be revised to 'Positive' in case of higher-than-expected cash flow from operations, resulting from accelerated booking of its projects and improved flow of advances along with adequate construction progress. Conversely, the outlook may be revised to 'Negative' if significantly lower-than-expected cash flow from operations, either because of subdued response to its project or lower-than-envisaged flow of advances, weakens the financial risk profile, particularly liquidity.

About the Company

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For fiscal 2016, SCPL reported a profit after tax of Rs 1.48 crore on an operating income of Rs 19.21 crore against Rs 0.74 crore and Rs 17.08 crore, respectively, for the previous fiscal.

Any other information: Not applicable

Note on complexity levels of the rated instrument:

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Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs crore)	Rating assigned with outlook
NA	Overdraft	NA	NA	NA	5.0	CRISIL B/Stable

Annexure - Rating History for last 3 Years

Current				2017 (History)		2016		2015		2014		Start of 2014
Instrument	Type	Quantum	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund-based Bank Facilities	LT/ST	5	CRISIL B/Stable		No Rating Change		No Rating Change	23-09-15	CRISIL B/Stable		--	--

Table reflects instances where rating is changed or freshly assigned. 'No Rating Change' implies that there was no rating change under the release.

Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Overdraft	5	CRISIL B/Stable	Overdraft	3	CRISIL B/Stable
--	0	--	Proposed Long Term Bank Loan Facility	2	CRISIL B/Stable
Total	5	--	Total	5	--

Links to related criteria

[CRISILs Approach to Financial Ratios](#)

[CRISILs Bank Loan Ratings - process, scale and default recognition](#)

[Rating criteria for manufacturing and service sector companies](#)

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