Rating Rationale

Rasik Infra Constructions

25 July 2019

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 15.80 Crores of Rasik Infra Constructions.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Sept, 2018)	Present
Fund based	7.90	15.80	Long Term	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable Reaffirmed
Total	7.90	15.80	INR Fifteen Crores And Eighty Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Ratings: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has primarily relied upon the audited financials upto FY18, provisional financials of FY19, project report, publicly available information and information / clarification provided by the firm's management.

The rating draws its strength from the promoters' business experience and successful completion of projects in the past. The rating also draws support from the RERA approval and timely execution of the project till now.
The rating, however, is constrained by the susceptibility of the infrastructure projects having mismatch in projected and actual cash flows and their further effect on the liquidity. The rating is also affected by the current scenario of muted demand in the real estate sector.

Going forward, the ability of the firm to infuse more funds towards firm's capital and get bookings for the unsold units, timely completion of the project and achieve projected cash flows will be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

- **Experienced promoters:** The promoters of the firm have long years of business experience and have been successfully managing diverse set of businesses covering sales and distribution of branded FMCG products, execution of government contracts, job work related to home furnishing goods, development and sale of land etc. Group firms have, in the past, successfully completed and delivered other mid-scale housing projects.
- **Project approval:** The current housing project of the firm is RERA approved and is also approved by PNB for individual housing loans.
- **Additional funds infused:** Additional funds have been infused by the partners by way of capital and Unsecured Loans from friends & family in the previous year.

Credit Risks:

- **Susceptibility to cash flow mismatch:** If the units are not sold out as per the firm's projections, then it might create some cash flow mismatch for the company in the future which may further affect its liquidity and thereby affecting its coverage indicators.
- **Uncomfortable industry scenario:** The current real estate industry scenario is marked by low demand for residential flats, a high supply of developed and constructed residential space, mounting NPAs in real estate developer firms, constrained liquidity in the market and evolving business scenario post regulations like RERA, REIT, GST etc. Also, currently the firm is engaged in direct sales and marketing of the project flats under construction and has yet not made tie ups with external agencies for marketing of the project.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **Rasik Infra Constructions** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Firm

M/s Rasik Infra Constructions, a partnership firm established on 01.04.2015 with Mr. Bankey Bihari Bansal, Mr. Rajesh Kumar Mittal, Mr. Ajay Agarwal and Mr. Sanjeev Bansal as its partners and regd. address at Vrindavan Dham, Mahavir Park, Marris Road, Aligarh and reconstituted on 01.04.2017 vide Amendment Deed dated 01.04.2017 with remaining partners as Mr. Bankey Bihari Bansal and Mr. Rajesh Kumar Mittal, is engaged in the business of building and developing multi storey residential building under group housing scheme at Aligarh

Firm's Financial Performance

The revenue being shown in Fy18 & FY19 are the booking amount received for the units and the complete revenue will be realized against these units once they are sold out to the buyers after completion of the project's Phase 1 & 2 respectively.

Rating History for the last three years

S.No	Instrument /Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	Sept, 2018	2017	2016
I	**Fund Based**	Long Term	15.80	**BWR BB-** (Pronounced as BWR Double B Minus) Outlook: Stable Reaffirmed	**BWR BB-** (Pronounced as BWR Double B Minus) Outlook: Stable	**NA**	**NA**
	Total		**15.80**	**₹ Fifteen Crores and eighty Lakhs Only**			

Status of non-cooperation with previous CRA (if applicable)- NA

Key Financial Indicators

Key Parameters	Units	2019	2018
Result Type		**Provisional**	**Audited**
Operating Revenue	₹ Cr	2.79	3.19
EBITDA	₹ Cr	0.31	0.37
PAT	₹ Cr	0.07	0.04
Tangible Net worth (analyzed)	₹ Cr	7.21	4.68
Total Debt/Tangible Net worth (analyzed)	Times	1.16	0.40
Current Ratio	Times	0.53	0.22

Hyperlink/Reference to applicable Criteria

- **General Criteria**
- **Approach to Financial Ratios**
- **Infrastructure Sector**

Analytical Contacts	Investor Contacts
Satvinder Kumar Gakhar Associate Director - Ratings B :+91 11 2341 2232 satvinder.g@brickworkratings.com **Raushan Kedia** Ratings Analyst B :+91 11 2341 2232 raushan.k@brickworkratings.com	**Satish Nair** Director - Global Market Development & Investor Relations M : +91 7738875550 B : +91 22 6745 6666 satish.n@brickworkratings.com
1-860-425-2742	

For print and digital media
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Note on complexity levels of the rated instrument:
BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER

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