

Rating Rationale

Singla Builders & Promoters Ltd

19 April 2017

Brickwork Ratings revises the ratings for the Bank Loan Facilities of Rs. 23.38 Cr of Singla Builders & Promoters Ltd.

Particulars

Facility Rated	Amount (Rs. Cr)		Tenure	Rating *	
	Previous	Present		Previous	Present
Fund Based Term Loans	55.65	23.38	Long Term	BWR BB+ (Pronounced as BWR Double B Plus) Outlook: Stable	BWR BB (Pronounced as BWR Double B) Outlook: Stable (Down-graded)
Total	55.65	23.38	INR Twenty Three Crores and Thirty Eight Lakhs Only		

^ Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rating Downgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results up to FY16, 9M FY17 provisional financials, projected financials for FY17 and FY18, publicly available information and information/clarifications provided by the company.

The Rating has factored, inter alia, experience of the promoters in the real estate industry, growth in top line, project features and demand for residential housing in the micro market. The Rating is however constrained by deterioration of Company's financial profile marked by high debt-equity ratio and low net worth. Net profit margin declined during FY16 due to rise in interest and construction costs. High reliance on customer advances for funding the projects and inherent risks pertaining to real estate industry. Going forward the ability of the Company to achieve timely completion of the ongoing projects as per revised schedule, control costs and reduce debt and manage cash flows efficiently to maintain liquidity to ensure timely serving of debt shall remain key rating sensitivities



Rating Outlook: Stable

BWR believes that Singla Builders & Promoters Ltd.’s 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 Company:

SBPL is a Mohali based real estate developer. The Company was incorporated in September 2008 as Singla Builders and Promoters Pvt. Ltd, which was changed to a public limited company structure in August 2010. The Company is promoted by Mr. Amandeep Singla, Mr. Pardeep Singla, Mr. Ajay Gupta and Mr. Rakesh Kumar. Since 2008 the SBPL has completed various projects viz. South City, North Valley, Noor City, Noor Villa and SBP Homes etc. Currently, there are two ongoing projects viz. SBP Housing Park, SBP Homes-III, with a saleable area of about 2.39 mn sq.ft. The Company is jointly managed by the Board of Directors, presently having three members. Mr. Amandeep Singla, Mr. Ashok Kumar and Mr. Ajay Gakhar.

Company Financial Performance

SBPL reported Total Operating Income of Rs. 92.43 Cr in FY16, as against Rs.72.56 Cr in FY15. Net Margin was 0.62 % for FY16 as against 0.95 % in FY15.

Rating History for the last three years:

Sl. No.	Facility	Current Rating (January 2017)			Rating History		
		Type	Amount (Rs Cr)	Rating	Rating Assigned in 2016	Rating Assigned in 2015	Rating Assigned in 2014
1	Term Loan	Long Term	23.38	BWR BB	NA	BWR BB+	BWR BB+

Hyperlink/Reference to applicable Criteria:

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)
- [Service Sector](#)



Analytical Contacts	Media
Mr. R.K. Sharma GM, Ratings analyst@brickworkratings.com	media@brickworkratings.com Relationship Contact bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

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, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.