

## Harsiddh Buildcon

March 19, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	75.00	CARE B+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB-; Stable and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Harsiddh Buildcon (HSB) to monitor the rating vide e-mail communications dated December 19, 2024, December 26, 2024, January 03, 2025, January 17, 2025, February 05, 2025 and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the rating. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The rating on bank facilities will now be denoted as CARE B+; Stable; ISSUER NOT COOPERATING \*

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.**

The revision in rating assigned to the bank facility of HSB is due to non-availability of solicited information. The rating remained constrained by nascent stage of on-going residential cum commercial real estate project 'Beaufort Park' and saleability risk due to low booking status of the project. The rating further remained constrained due to partnership nature of constitution as well as HSB's presence in cyclical and highly fragmented real estate industry and dependency on the customer advances for the funding of the project. However, rating derives strength from experienced promoters, established track record of the group in execution of residential and commercial projects as well as moderate funding risk owing to achievement of financial closure.

**Analytical approach:** Standalone

**Outlook:** Stable

The stable outlook reflects HSB will continue to derive benefit from the experience of the promoters in the real estate industry.

### Detailed description of key rating drivers:

At the time of last rating on March 07, 2024 the following were the rating strengths and weaknesses (updated from the information available on RERA website)

#### Key weaknesses

##### Nascent stage of on-going residential cum commercial real estate project

HSB is developing residential cum commercial real estate project in the name of "Beaufort Park" involving construction of 2 towers with a total 302 units at Adalaj, Gandhinagar covering total saleable area of 6.48 lakh square feet. The construction of the complex commenced in October 2023, and is envisaged to be completed by July 2030. The total project cost is expected at ₹203.35 crore with project gearing of 1.62 times. Till January 07, 2025, HSB has incurred cost of ₹89.24 crore (₹48.06 crore till January 31, 2024) forming ~44% of total project cost. Thereby, with 56% of costs yet to be incurred, there exist high project implementation risk.

##### Saleability risk owing to low booking status and timely receipt of advances

Till January 07, 2025, the booking status remained low marked by only 27 units out of total 302 units booked. Further, firm's reliance on customer advances for funding the project remains moderate at ~25%, it becomes very important to receive timely advance as well as to maintain a sales booking momentum. However, the project work is not envisaged to be hampered as promoters have already infused their contribution and the financial closure for the term loan is achieved. Hence, receipt of full sales value for the project in a later stage shall be a key monitorable from credit perspective.

##### Partnership nature of constitution

HSB being a partnership firm is exposed to inherent risk of the partners' capital being withdrawn at the time of contingency and also limits the ability to raise the capital. The partners may withdraw capital from the business as and when it is required, which may put pressure on the capital structure of the firm.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

### Presence in a cyclical and highly fragmented real estate industry

The life cycle of a real estate project is long and the state of the economy at every point in time, right from land acquisition to construction to actual delivery, has an impact on the project. This capital-intensive sector is extremely vulnerable to the economic cycles. Currently, slowdown in sales and increased input costs has increased liquidity concerns for highly leveraged players. Further, the real estate sector in India is highly fragmented with many regional players, who have significant presence in their respective local markets which in turn leads to intense competition within the industry. The real estate sector is sensitive to the economic cycle and interest rates. Adverse movement in interest rate affects the real estate players in both ways – by hampering demand as well as increasing the cost of construction. With elevated interest rates, the real estate sector has witnessed slowdown in the last two fiscals. Most of the buyers have postponed their purchase decisions due to higher interest rates.

### Key strengths

#### Experienced promoters

HSB is managed by Patel family viz. Mr. Dharmendra Patel, Mr. Pankaj Patel, Mrs. Lata Patel and Mr. Rudra Patel. The partners hold experience of around a decade into the business of real estate and have successfully executed construction of many residential and commercial projects at different areas of Ahmedabad & Gandhinagar (Gujarat). Partners also have average diversified business experience of more than a decade of running and operating petrol pump in Ahmedabad (Gujarat). Overall, the partners have long and established track record in execution of real estate projects though there is geographical concentration as most of the projects are in Ahmedabad and Gandhinagar only.

#### Moderate funding risk due to achievement of financial closure for the project

Out of the total project cost, 37% is to be funded by project debt, for which the financial closure is already achieved. The project term loan has moratorium period of 4 years and 7 months provides additional financial comfort to entity. Further, around 20% (~₹ 40 crore) of the project is to be funded through partner's capital which is already infused till January 31, 2024. With capital already infused and debt tie up already done for the project, the overall funding risk remains moderate.

#### Liquidity: Stretched

The liquidity profile of the HSB remains stretched marked by lower sales momentum resulting into lower sales collections. 27 units booked out of total 302 units. Therefore, sales and collection efficiency of unsold inventory is critical in terms of credit perspective.

### Applicable criteria

[Policy in respect of non-cooperation by issuers](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Rating methodology for Real estate sector](#)

### About the entity and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Realty	Realty	Residential, Commercial Projects

Harsiddh Buildcon (HSB) was formed in April 2015 by two brothers' and their family members viz. Mr. Dharmendra Patel, Mr. Pankaj Patel, Mrs. Lata Patel and Mr. Rudra Patel to construct real estate projects. The firm had successfully completed a commercial real estate project – 'Tryksha Desire' in August-2017. Later on, in October-2023, the firm commenced construction of luxurious residential cum commercial complex named - 'Beaufort Park' involving construction of 2 towers with a total 302 units comprising of 78 four BHK flats, 210 three BHK flats and 14 commercial shops at Adalaj, Gandhinagar covering total saleable area of 6.48 lakh square feet. The total expected project cost is expected at ₹ 203.35 crore. The project offers amenities like library, swimming pool, gym, banquet hall, home theatre, allotted parking, gas line, gathering pavilion, EV parking station, indoor game zone, jogging track, elevators etc.

**Brief financials:** Not Applicable since the project is expected to be completed by July- 2030.

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	July- 2029	75.00	CARE B+; Stable; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on best available information.

#### Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	75.00	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (07-Mar-24)	-	-

\*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities-** Not applicable

#### Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple

#### Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

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### About us:

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### Disclaimer:

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