



## Rating Rationale

### Aadhan Builders LLP

3 Nov 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Aadhan Builders LLP. ('ABLLP' or 'The Firm')

#### Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating *
<b>Fund Based:</b> Term Loan	50.00	Long Term	<b>BWR BB+</b> (Pronounced as BWR double B Plus) <b>(Outlook:Stable)</b>
<b>Total</b>	<b>Rs. 50.00 Crores (INR Fifty Crores only)</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings.

#### Rationale/Rating sensitivities:

BWR has essentially relied upon the firm's financial projections up to FY22, publicly available information and clarifications/information provided by the partners.

The rating draws strength from extensive business experience of the partners, satisfactory financials as per the projections made and accepted by the lenders as well as the locational advantages. The ratings also takes into account that the financial closure has been achieved and disbursements have commenced. The ratings are however, constrained by the project execution risk and a sluggish real estate sector.

The ability of the firm to execute the project without a time and cost overrun along with the bookings/sale of units as projected would be the key rating sensitivities.

#### Key Rating Drivers:

Extensive business experience of the partners : Strong promoters having an extensive experience of the real estate industry.

Locational advantages : Strategic commercial space location in Ahmedabad, Gujarat. The partners have successfully completed and sold commercial space projects in the same vicinity in the recent past.

Projections made by the firm and accepted by the lenders are satisfactory. Financial closure has been achieved and disbursement commenced.



Project execution risk : The project is at an initial stage and though ~41% booking has been reported, sales are yet to be seen.

**Analytical Approach:**

While assigning the Ratings, BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale).

**Rating Outlook: Stable**

BWR believes the Aadhan Builders LLP'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 project is completed without any time and cost overrun. The rating outlook may be revised to 'Negative' in case there is a cost overrun or a delay in COD of the project or the revenues as estimated by the lenders are not achieved.

**About the Firm:**

Aadhan Builders LLP belongs to the True Value Group. True Value Group has come into existence in 2008 as a construction and real estate consultancy. The Group is engaged in activity of purchase, sale, and lease of lands and properties including organization, development and construction of housing projects, commercial complexes, etc. The Group has completed five projects starting from 2008. The ongoing projects include West Gate Business Bay, North One, D- Block and East Ebony.

The firm is mainly managed, controlled and run by the partners, Mr. Manish D. Shah and Mr. Hardayal T. Mansani.

**Project Details:**

The company is developing a commercial building named "Block D" located at West Gate - D Block, On S. G. Highway, Makarba, Ahmedabad. It has a saleable area of 384315 sq. ft., consisting of 230 units. The estimated COD of the project is September 2019.

Total estimated cost of the project is Rs. 135.00 Crs, proposed to be funded by partners contribution of Rs. 35.00 Crs, USLs of Rs. 20.00 Crs, a term loan from bank of Rs. 50.00 Crs and contribution from members, by way of booking, of Rs. 30.00 Crs.

**Firm Financial Performance:**

As at 31<sup>st</sup> Oct 2017, the firm has incurred a total cost of ~Rs. 63.33 Crs, which has been funded by partners' contribution of ~Rs. 20.01 Crs, USLs of ~Rs. 0.87 Crs, term loan disbursement of ~Rs. 16.52 Crs and booking receipts of ~Rs. 25.93 Crs.

<b>Key Financial Figures</b>			
<b>Particulars</b>	<b>Unit</b>	<b>FY20</b> (Projected)	<b>FY21</b> (Projected)
Operating Income	Rs. Crores	35.97	72.91
EBITDA	Rs. Crores	15.10	22.87
PAT	Rs. Crores	6.47	13.11
Tangible Networth	Rs. Crores	41.47	54.58
Total Debt	Rs. Crores	78.33	46.33
Total Debt : Equity	Times	1.89	0.85

**Rating History for the last three years: (including withdrawn/suspended ratings)**

<b>Sl. No.</b>	<b>Instrument/ Facility</b>	<b>Current Rating (Year 2017)</b>			<b>Rating History</b>		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	2016	2015	2014
<b>1</b>	<b>Fund Based</b>	Long Term	<b>50.00</b>	<b>BWR BB+</b> (Pronounced as BWR double B Plus)  (Outlook: Stable)	--	--	--
<b>Total : Rs. 50.00 Crores (INR Fifty Crores only)</b>							

**Hyperlink/Reference to Applicable Criteria**

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Services Sector](#)



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**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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto: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**

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