



Rating Rationale

Adonai Shelters Pvt. Ltd

28 Aug 2018

Brickwork Ratings reviews the ratings for the Bank Loan Facilities of ₹. 6.07 Crores of Adonai Shelters Pvt. Ltd.

Particulars

Facility Fund based	Amount (₹ Cr)		Tenure	Rating*		
	Previous	Present		Previous (Sept, 2016)	Previous (Aug, 2018)	Present
Term Loan	7.00	6.07	Long Term	BWR B (Pronounced as BWR single B) Outlook: Stable	Rating Not Reviewed	BWR B+ (Pronounced as BWR single B plus) Outlook: Stable (Upgraded)
Total	7.00	6.07	INR Six Crores and Seven Lakhs Only			

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

Ratings: Upgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results up to FY17, FY18 Provisionals **not certified by CA** and projections up to FY20, along with publicly available information, information/clarifications provided by the Company's management.

The rating continues to factor promoters' experience, established relationship with the suppliers, visibility of revenues . However the rating is constrained by high gearing, low net worth, seventy percent of of total number of flats of the project is yet to be booked, Gap risk, working capital intensive nature of operations, fragmented industry, sluggish growth in real estate sector and stiff competition from the other established players.

Going forward the ability of the Company to market the unsold flats of Phase 1 of "Adonai- Glory project which is expected to be readied by Jan 2019 and to sell the same to recognise the revenue in FY 19 , manage its working capital efficiently, and timely repayment of debt obligation would remain the key sensitivities.



Description of Key Rating Drivers

- **Credit Strengths:** The Promoters have experience of two decades in the same line of business, relationship with suppliers is about five years, revenues recognised in FY18 is Rs 4.63 Crs as against Rs 3.86 Crs in FY17 since 30% of the project is readied and sold since commencement of the project
- **Credit Risks:** . Gearing stood at 2.12 times in FY18. Net worth reported at Rs. 2.00 Crs in FY18. 49 number of flats have not yet been booked and thereby leading to sale risk , Gap risk arising between Provisional and audited financials of FY 18, sluggish growth in the industry is because of an oversupply and a huge inventory pile up at developers' end and mismatch in demand and supply and stiff competition from the other established players

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 **Adonai Shelters Pvt. Ltd** 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

M/s Adonai Shelters Pvt Ltd, was incorporated as a private limited company in the year 2008. Office of the company is located in Murugesh Mudaliar Road, Frazer Town, Bangalore. The company is engaged in civil construction, development of residential and commercial properties. The company has completed 3 projects, out of which 2 projects are in Bangalore and one in Trivandrum. They have 2 ongoing projects, one each in Bangalore and Kolar. The Company has ongoing residential apartment project "Adonai Glory" at Byrathi, Hennur, Bangalore and development of plots "Adonai Shalom" at Vemgal, Kolar. The company has two other projects in pipeline "Adonai Majesty" in Trivandrum and "Adonai Glory Phase-2" in Byrathi, Hennur, Bangalore. The credit facility availed from Dena Bank is mainly for the "Adonai Glory" Project.

Adonai

Glory

Project:

As informed by the Company, the total land area of the project is 26926 Sq. ft., accommodating 70 Units, with proposed fifty 2 BHK apartments and twenty 3 BHK apartments, being developed at Byrathi, Hennur, Bangalore. The project consists of a Basement + Ground = 9 floors. Currently 95% of work is completed and interior work is going on and expected date of handover is Jan 2019.

Ownership

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Management:

The managing director of the company is Mr. S Balakrishnan and the other director of the company is Ms. Prema Balakrishnan. Mr. Balakrishnan is a Civil Engineer with experience of over two decades in property development.

Company Financial Performance



As per FY17 audited the company has reported revenues of Rs. 3.86 Crs and PAT of Rs. 0.10 Crs and FY18 Provisionals not certified by CA the Company has reported revenue of Rs. 4.63 Crs and PAT of Rs. 0.20 Crs.

Rating History for the last three years

S.No	Facility	Current Rating			Rating History		
		Type	Amount (₹ Crs)	Rating	7.8.2018	2017	17.9.2016
1	Term Loan	Long Term	6.07	BWR B+ (Pronounced as BWR single B plus) Outlook:Stable (Upgraded)	Rating Not reviewed	Not rated	BWR B (Pronounced as BWR single B) Outlook:Stable
	Total		6.07	₹ Six Crores and Seven Lakhs Only			

Status of non-cooperation with previous CRA -Reason and comments : Nil

Any other information: Nil

Key Financial Indicators

Key Parameters	Units	2015	2016	2017	2018	2019	2020
Result Type		Audit ed	Audite d	Audit ed	Provision als	Projectio ns	Projectio ns
Operating Revenue	₹ in Crs	3.25	6.46	3.86	4.63	5.09	6.11
EBITDA	₹ in Crs	0.43	0.72	0.26	0.35	0.50	0.79
PAT	₹ in Crs	0.13	0.38	0.10	0.20	0.44	0.73
Tangible Net worth	₹ in Crs	1.33	1.70	3.73	2.00	2.44	3.17
Total Debt/Tangible Net worth	Times	0.22	0.15	1.28	2.12	1.94	1.12
Current Ratio	Times	1.25	1.36	1.60	1.65	1.43	1.70

Hyperlink/Reference to applicable Criteria

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



- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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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. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 11,99,663 Cr. In addition, BWR has rated over 6819 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹48,803 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities

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