

Rating Rationale

Brickwork Ratings assigns the Long Term rating of ‘BWR B’ for Bank Loan facilities of ₹ 7.00 Cr to Adonai Shelters Pvt. Ltd.

Brickwork Ratings (BWR) has assigned the following **Ratings**¹ for the Bank Loan Facilities of Rs.7.00 Crores of Adonai Shelters Pvt. Ltd. (“ASPL” or “the company”):

Facility	Limit (₹ Cr)	Tenure	Rating
Fund Based		Long Term	BWR B (Pronounced BWR Single B) Outlook: Stable
Term Loan	7.00		
Total	7.00	INR Seven Crores Only	

BWR has essentially relied upon the audited financial results of the company for FY15, projected financials upto FY 18, publicly available information and information/clarifications provided by the company's management.

The rating has factored, *inter alia*, long standing experience of promoters in the construction industry and past project execution abilities in residential and commercial spaces, locational advantage of the projects. However, the ratings are constrained by the project execution risk, weak financial metrics, exposure to the risk of slowdown in demand. The rating is further constrained by intense competition, sluggish growth in real estate sector.

Background:

M/s Adonai Shelters Pvt Ltd, was incorporated as a private limited company in the year 2008. The company's office 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 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 slab casting of second floor is going on and expected date of completion is March 2017.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Ownership & Management:

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

Financial Performance:

As per audited financials for FY 15, the total operating income has increased to Rs. 3.25 Cr from Rs. 2.74 Cr in FY 14. The company has reported PAT of Rs. 0.13 Cr in FY 15. The tangible net worth stood at Rs. 1.33 Cr as on Mar 31, 2015. Gearing ratio was at 0.22 times for FY 15. ISCR and DSCR were at 2.96 times and 1.62 times for FY 15 as compared to 2.18 times and 1.14 times respectively in FY 14.

Rating Outlook:

The rating outlook is expected to be stable over the current year. Going forward, execution of ongoing and upcoming projects within the cost and time estimates, ability of the company to scale up its operations to achieve envisaged sales in a timely manner and any adverse change in the regulatory guidelines, going forward shall remain the key sensitivities.

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