



## Rating Rationale

Ajaysinh V Desai Builders & Developers

30 March 2019

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**Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 39.20 Crores of Ajaysinh V Desai Builders & Developers.**

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### Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based Term Loan Cash Credit	38.20 1.00	Long Term	<b>BWR BB-</b> <b>(Pronounced as BWR Double B</b> <b>Minus)</b> <b>Outlook: Stable</b>
<b>Total</b>	<b>39.20</b>	<b>INR Thirty Nine Crores &amp; Twenty Lakhs Only</b>	

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

### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon audited financial results of Ajaysinh V Desai Builders & Developers up to FY 18 publicly available information & clarification/information provided by the firm.

The rating has factored, inter alia experience and track record of promoter of M/S Ajaysinh V Desai Builders & Developers and established a track record of the Firm.

The ratings are however; constraints on account of delay in project execution, inherent risk of being partnership firm, leveraged capital structure, susceptibility of risk associated with Construction based project & regulatory risk.

Going forward, the project progress, sales velocity, improve collection and adherence/compliance of the conditions stipulated by various financial institutes and timely payments of debts /interest will remain the key rating sensitivities.



## Description of Key Rating Drivers

### Credit Strengths:

- Experienced Promoter: Promoter has more than 2 decades of experience in real estate sector. He is well supported by an experienced and technically skilled team. The promoter is real estate developer in Kolhapur District in Maharashtra & the group has developed around 145 projects (including residential projects, shops, showrooms, hospitals, individual bungalows, farm houses, apartments, godowns and factory buildings) in and around Kolhapur
- Construction of new project: The firm is currently implementing a project Elixia Park is a luxurious residential & commercial project in Kolhapur comprising of 4 towers having 2/ 3/ 4/ 5 BHK residences and duplexes having carpet area in the range of 850 to 3900 sq.ft. The project also has a commercial tower. Built-up-Area as per Proposed FSI is 18861 (In sqmts) & Built-up-Area as per Approved FSI 11074 (In sqmts)
- Locational Advantage: The said project is Sharing the wall with one of the largest malls in Kolhapur city, Star Bazar and located only on the other bank of the road shared by another renowned mall, DYP City, which also hosts a multiplex, the Elixia Park is easily noticeable from the road.

### Credit Risks:

- Limitation of Partnership Firm: Constitution as a partnership firm has the inherent risk of withdrawal of capital which can adversely affect its capital structure.
- High dependency on advance from customers and bank borrowings. Viability of the project depends on the ability to sell the units as per the desired projections.
- Timely Project execution risk: The project is in construction stage and hence any time overruns may lead to increase project cost.
- Industry Risk: Real estate market is characterised by its sluggish and cyclical nature and regulatory intervention.
- Increasing interest rate scenario may increase in cost of project. The recent liquidity crunch in real estate sector may pose a challenge for timely construction and completion of the project.

## 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 **Ajaysinh V Desai Builders & Developers** 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 Firm

Ajaysinh V Desai Builders & Developers (AABB) is a partnership firm incorporated on 5th Sep 2014. Mr. Ajaysinh V Desai is a civil engineer and he has over 27 years of experience in real estate. Mr. Rahul Dodhia is one of the partners and has 12 years of experience in construction and real estate. Ajaysinh V Desai group was promoted in 1993 by Mr. Ajaysinh v Desai. The group is based out of Kolhapur District in Maharashtra. The group is engaged in real estate development activities. The group has developed around 145 projects (including residential projects, shops, showrooms, hospitals, individual bungalows, farm houses, apartments, godowns and factory buildings) in and around Kolhapur.

In 2017, Ajaysinh V Desai Builders & Developers has ventured into construction of luxurious residential & commercial project - “Elixa Park” in Kolhapur. The project comprises of 4 towers having 2/ 3/ 4/ 5 BHK residences and duplexes having carpet area in the range of 850 to 3900 sq.ft. The project also has a commercial tower. Total area of the project is over 3 acres (i.e. 12318 sq.mts) Project details as per RERA) Project Built-up-Area as per Proposed FSI is 18861(In sqmts), Built-up-Area as per Approved FSI is 11074 (In sqmts) & Total FSI proposed is 29935 sq.mts & RERA Registration Number P53000001735. Project comprises of Total number of units is 242 units (4 Residential towers & 1 Commercial tower) and 274 parking units (admeasuring 3,62,957 Sq.ft.), Area given to landlord 103 units (admeasuring 140975 Sq.ft.), Area Available to Sell in open Market is 139 units (admeasuring 221984 Sq.ft.). Project. Proposed date of completion is 31 Dec 2021.

### Rating History for the last three years

S.No	Instrument /Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2018	2017	2016
	<b>Fund Based</b>	Long Term	39.20	<b>BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable</b>	N.A	N.A	N.A
	<b>Total</b>		<b>39.20</b>	<b>₹ Thirty Nine Crores &amp; Twenty Lakhs Only</b>			

Status of non-cooperation with previous CRA -N.A



**Any other information-N.A**

**Key Financial Indicators**

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	0.02	0.00
EBITDA	₹ Cr	(1.79)	(0.77)
PAT	₹ Cr	0.00	0.00
Tangible Net worth	₹ Cr	15.55	16.34
Total Debt/Tangible Net worth	Times	2.29	1.30

**Hyperlink/Reference to applicable Criteria**

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

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](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 ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

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