

Rating Rationale

Brickwork Ratings assigns ‘BWR BB’ rating for long-term bank loan facilities aggregating to ₹ 130.00 Cr of Bhagwati Developers.

Brickwork Ratings assigns BWR BB Ratings¹ for long-term bank loan facilities aggregating to ₹130.00 Cr of Bhagwati Developers (BD) or “the Firm”.

Facility	Limits (₹ Cr)	Tenure	Rating based on current review
Fund Based:			BWR BB
Term Loan	65.00	Long	(Pronounced BWR Double B)
Term Loan (Proposed)	65.00	Term	Outlook-Stable
Total	130.00	(INR One Hundred and Thirty Crore Only)	

BWR has principally relied upon the audited financial results from FY13 till FY15, provisional financials of FY16 and projections till FY 21 and information/clarification provided by the management.

The rating has factored, inter alia, experience of the promoters in the real estate industry, established track record of the company, location of the projects, booking status of the ongoing projects and promoter’s ability to infuse funds as per requirement. However the rating is constrained by geographical concentration risk, project execution risk, high reliance on customer advances for funding the project and high degree of competition from other real estate players in the market.

Company Background and Operations:

Bhagwati Developers (BD), a partnership firm was established in 2012 with the object of carrying on business of real estate, construction of apartment and other related activities. The firm mainly operates in and around areas of Navi Mumbai. The partners of the firm are Mr. Bhogilal Vora and Manji Patel. The partners of the firm have 15 years of experience in the industry

Profile of the Project:

The firm is constructing 5 residential projects viz. Bhagwati Eleganza (Ghansoli), Bhagwati Bellavista (Ulwe), Bhagwati Imperia (Ulwe), Bhagwati Greens (Plot No. 3, Kharghar) & Bhagwati Greens (Plot No.6, Kharghar). The projects are located at 6 different locations consisting saleable area of 1.62 million square feet. The cost of the projects is estimated to be Rs. 855.93Cr. The construction for all the projects is in full swing and the projects are expected to be completed from FY17 to FY21.

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

Outlook:

The outlook is stable. Going forward, the company's ability to execute the project on time and within estimated cost, ensure bookings/ sale of flats at envisaged margins and sustain its capital structure are other key rating sensitivities.

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