

Rating Rationale

Brickwork Ratings assigns ‘BWR BB+’ for Long Term Bank Loan Facilities of ₹ 24.61 Cr & ‘BWR A4+’ for Short Term Bank Loan Facilities of ₹1.25 Cr to Concrete Developers.

Brickwork Ratings (BWR) has assigned the following **Ratings¹** for the Bank Loan Facilities of Concrete Developers (**The ‘Firm’**):

Facilities	Rating Amount (₹ Cr)	Tenure	Rating
Fund Based			
Cash Credit	22.10	Long Term	BWR BB+ (BWR Double B Plus) Outlook: Stable
Term Loan	2.51		
Non-Fund Based			
Bank Guarantee	1.25	Short Term	BWR A4+ (BWR A Four Plus)
Total	25.86	INR Twenty Five Crores and Eighty Six Lakhs Only	

BWR has principally relied upon the audited financial statements up to FY14, Certified provisional financials of FY15, projected financial statements up to FY17, publicly available information and information/clarifications provided by the company's management.

The rating assigned draws strength from vast experience of promoters and successfully completed over 150 projects both in commercial and residential, healthy growth in revenues, moderate gearing level, adequate liquidity position and favorable debt protection metrics. However, the rating assigned is constrained by moderate scale of operations, limited geographical reach, no confirmed upcoming projects, declined profitability margins, stalled real estate growth in Nagpur region and inherent risks associated with partnership concerns.

Background

Concrete Developers was established in 1995 as a partnership firm by Mr Sanjay Paidlewar and Nitish Chordia with equal share holding. The firm is involved in developing real estate projects in the Nagpur region of Maharashtra. It is one of the leading developers in Nagpur City. Till date, the firm has executed almost 150 projects in residential as well as commercial space in the Nagpur region.

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

The firm is a pioneer in providing custom made luxurious residential flats with best of interior and other amenities. The firm is among the few builders who started the trend of constructing 3 BHK & 4 BHK flats to cater the needs of creamy layer of society. The firm has currently three ongoing projects – Vasundhara Enclave, Trilok Enclave and Narayana Heights.

Financial Performance

Net sales increased from ₹27.34 Crores in FY14 to ₹49.43 Crores in FY15. Operating profit margin and net profit margin of the company stood at 16.27% and 9.11% in FY15. As on 31st March 2015, tangible net worth of the company is at ₹ 23.31 Crores and gearing level was at 0.93 times. Return on capital employed and current ratio was at 18.06% and 1.31 times.

Rating Outlook

The outlook of the company is expected to be stable for the current year. Going forward, the ability of the company to meet projected cash flows, increase profitability margins amidst competition in stalled growth of real estate industry and timely completion of projects would be the key rating sensitivities.

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