

Rating Rationale

Brickwork Ratings Reaffirms 'BWR B+' for Bank Loan Facilities of ₹ 27.50 Cr of M.R. DD Developers.

Brickwork Ratings (BWR) has reaffirmed the following **Rating¹** for Bank Loan Facilities of M. R. DD Developers (**MRDDD or 'the Firm'**).

Facility	Previous Limit (₹Cr)	Present Limit (₹Cr)	Tenure	Present Rating	Rating History (June, 2014)
Term Loan (Fund based)	27.50	27.50	Long Term	BWR B+ (Pronounced BWR Single B Plus) Outlook: Stable (Reaffirmation)	BWR B+ (Pronounced BWR Single B Plus) Outlook: Stable
Total	27.50	27.50	INR Twenty Seven Crores and Fifty Lakhs Only		

BWR has principally relied upon the brief project report in respect of the Residential project, audited financial results up to FY14, provisional financials for FY15, projected financials and cash-flows up to FY17, publicly available information and information/clarifications provided by the Firm's management.

The rating has factored, inter alia, the locational advantage of the residential project, low gearing level and the current booking status.

The rating is, however, constrained by the fact that this is the maiden project of the Firm, delayed project execution, cost over-run, non-availability of revised project report, competition from other real estate players and other inherent risks associated with projects of this nature.

Background:

M. R. DD Developers, a registered Partnership Firm, was formed in October, 2012 and is located in Ghaziabad, Uttar Pradesh. Mr. Mayank Talan and Mr. Surendra Garg are the two partners of the Firm. The firm is into real estate development activity. The Firm is currently developing its maiden residential project called Platinum 321 at Ghaziabad.

Project Details:

Platinum 321 is a residential project located at Raj Nagar extension, Ghaziabad. It consists of two towers with a total 332 flats. The project offers 2BHK and 3 BHK flats with other amenities like club house, swimming pool, sports complex, etc.

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

MRDD has acquired this residential land measuring 9615.15 Sq. meters from M/S Setia Buildtech Private Limited in FY13 at a cost of Rs 27.43 Cr. All the required statutory approvals for going ahead with construction are in place. Due to additional approval for 119 flats the project cost increased from Rs 78.21 Cr to ~Rs 100.00 Crs, which will be 25 percent funded by promoter's, bank borrowings of Rs 27.50 Cr and the rest will be managed out of advances from customers.

The firm is expecting the project to complete by Nov 2016, which was earlier expected by April 2016. As on Dec, 2015 40 per cent of the structural work has been done. The Firm has received advance from customers amounting to Rs 52.00 Crs.

Management Profile:

Mr. Mayank Talan (28) and Mr. Surendra Garg (53) are the two partners of the Firm with each having 50% share. Mr. Surendra Garg is a Chartered Accountant, and has prior experience as Director in an infrastructure development company. The Firm has hired full time sales and marketing team responsible exclusively for the Platinum 321 project.

Financial-Performance:

As on Dec, 2015, 40 per cent of the structural work has been done. The promoters have brought in Rs 17.50 Cr (including Rs 1.25 Cr by way of Unsecured Loan). Oriental Bank of Commerce has sanctioned the loan of Rs 27.50 Cr. An amount Rs 52.00 Cr has been received from customers for advance bookings of the flats.

Rating Outlook:

The outlook for the rating is considered Stable for next one year. Ability of the Firm to ensure efficient execution of the project as per revised estimated costs and timelines, achieve targeted sales, and generate projected revenues in order to service its debt obligations in a timely manner would be the key rating sensitivities.

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