

Rating Rationale

Brickwork Ratings assigns 'BWR BBB- (SO)' rating for the Bank Loan facilities aggregating to ₹ 47.00 Cr of Tejraj Realtors.

Brickwork Ratings has assigned the following **Ratings¹** for the Bank Loan facilities availed by Tejraj Realtors (or *the firm*).

Facility	Tenure	Limits (₹ Cr)	Rating
Fund Based			
Term Loan	Long Term	47.00	BWR BBB- (SO) [Pronounced as BWR Triple B Minus (Structured Obligation)] (Outlook-Stable)
Total		47.00	INR Forty Seven Crores Only

BWR has essentially relied upon the audited financials of FY13, FY14, FY15 and provisional financials for FY16 & project specific cash flow statement of Tejraj Realtors, publicly available information and information/clarification provided by the Firm's management.

The rating, inter alia, has factored long term experience of the promoters within the residential real estate sector in Pune, established customer relationships and experienced management Location advantage of the project and receipt of all required approvals. However the rating is constrained by implementation risk associated with ongoing project along with timely receipt of booking advances and the 'SO' rating reflects the credit enhancement derived from the escrow account and DSRA to be maintained by the firm in terms of bank sanction.

Background:

Tejraj Realtors was established as a partnership firm in 2011, having Tejraj Promoters & Builders Private Limited ('TPBPL') as its major partner, which is engaged in the real estate development for more than two decades. Tejraj Realtors is currently developing a residential project at Baner in Pune with a total saleable area of 1.52 lakh square feet (lsf). The project is proposed to have a total of 61 apartments (3 & 4 BHK & 15 floor,) & one penthouse apartment. The project was pre-launched in year February 2016 & expected to be completed by June 2021.

Project Details:

'Asilo' is located in Baner, Pune which is one of the fastest growing localities and most important hub of high-end residential properties in Pune as it has seen large scale development of residential projects over the period of past 3-4 years. The locality has gained importance due to proximity to IT hubs, Railway Station and Pune Airport. Baner is tantalizingly close to Hinjewadi - which is said to be the nerve-centre of Pune's vibrant Information Technology sector. Soft launch of the project has taken place and firm has received the booking for 18 flats out of total 61 units.

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

Project Financial Status:

The total project cost of Rs. 118.78 crore is being funded through promoter’s contribution of Rs. 20.03 crore, bank debt of Rs. 47 crore and remaining from advances from customers. The promoter’s money has already been infused to the extent of Rs. 17.30 crore till March 2016 and bank’s sanction for Rs47Cr is in place as on date.

Rating Outlook:

The Rating outlook is expected to be stable in next one year. Going forward, the ability of the firm to timely complete its ongoing project within the envisaged cost and sale of its units at envisaged price along with timely realization of sales proceeds and managing any mismatch in cash-in-flows, shall remain the key rating sensitivities.

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