

## Rating Report

### Brickwork Ratings assigns the Long Term rating of “BWR B” for Bank Loan facilities of Rs. 7.00 Cr to Adonai Shelters Pvt. Ltd.

Brickwork Ratings (BWR) has assigned the following Ratings<sup>1</sup> for the Bank Loan Facilities of Rs. 7.00 Crores of Adonai Shelters Pvt. Ltd. (“ASPL” or “the company”):

Facility	Limit (₹ Cr)	Tenure	Rating
<b>Fund Based</b>		Long Term	BWR B (Pronounced BWR Single B) Outlook: stable
Term Loan	7.00		
<b>Total</b>	<b>7.00</b>	<b>(INR Seven Crores Only)</b>	

BWR has essentially relied upon the audited financial results of the company for FY15, projected financials upto FY 18, publicly available information and information/clarifications provided by the company's management.

The rating has factored, *inter alia*, long standing experience of promoters in the construction industry and past project execution abilities in residential and commercial spaces, locational advantage of the projects. However, the ratings are constrained by the project execution risk, weak financial metrics, exposure to the risk of slowdown in demand. The rating is further constrained by intense competition, sluggish growth in real estate sector.

#### Background:

**M/s Adonai Shelters Pvt Ltd**, was incorporated as a private limited company in the year 2008. The company's office is located in Murugesh Mudaliar Road, Frazer Town, Bangalore.

The company is engaged in civil construction, development of residential and commercial properties. The company has completed 3 projects, out of which 2 projects are in Bangalore and one in Trivandrum. They have 2 ongoing projects, one each in Bangalore and Kolar.

The Company has ongoing residential apartment project "Adonai Glory" at Byrathi, Hennur, Bangalore and development of plots "Adonai Shalom" at Vemgal, Kolar. The credit facility availed from Dena Bank is mainly for the "Adonai Glory" Project.

#### Adonai Glory Project:

As informed by the Company, the total land area of the project is 26926 Sq. ft., accomodating 70 Units, with proposed fifty 2 BHK apartments and twenty 3 BHK apartments, being developed at Byrathi, Hennur, Bangalore. The project consists of a Basement+ Ground+ 9 floors. Currently slab casting of second floor is going on and expected date of completion is March 2017.

#### Ownership & Management:

<sup>1</sup> Please refer to BWR website [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the ratings assigned

The managing director of the company is Mr. S Balakrishnan and the director of the company is Ms. Prema Balakrishnan. Mr. Balakrishnan is a Civil Engineer with experience of over two decades in property development.

### Financial Performance:

As per audited financials for FY 15, the total operating income has increased to Rs. 3.25 Cr from Rs. 2.74 Cr in FY 14. The company has reported PAT of Rs. 0.13 Cr in FY 15. The tangible net worth stood at Rs. 1.33 Cr as on Mar 31, 2015. Gearing ratio was at 0.22 times for FY 15. ISCR and DSCR were at 2.96 times and 1.62 times for FY 15 as compared to 2.18 times and 1.14 times respectively in FY 14.

### Rating Outlook:

The rating outlook is expected to be stable over the current year. Going forward, execution of ongoing and upcoming projects within the cost and time estimates, ability of the company to scale up its operations to achieve envisages sales in a timely manner and any adverse change in the regulatory guidelines, going forward shall remain the key sensitivities.

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**Disclaimer:** Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.

**Adonai Shelters Pvt Ltd- BLR – Rs. 7.00 Crs**

**Annexure I: Profit & Loss**

<b>Profit and Loss Account</b>			
<b>Crores</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>
<b>Result Type</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
Gross Sales	5.96	2.74	3.25
Net Sales	5.96	2.74	3.25
Total Operating Income	5.96	2.74	3.25
Raw Material Consumed	0.00	0.00	0.00
Change In Inventory (Increase)/Decrease	1.47	0.53	-2.76
Employee Cost	0.21	0.04	0.12
Manufacturing Expenses	3.49	1.66	5.11
Cost of Goods Sold	5.17	2.23	2.47
Selling, General and other Administrative expenses	0.33	0.21	0.34
Operating Expenses	5.50	2.44	2.81
OPBDIT	0.45	0.30	0.43
Depreciation/Amortization/Impairment	0.03	0.06	0.06
OPBIT	0.42	0.24	0.37
Interest and Finance Charges	0.22	0.14	0.15
OPBT	0.20	0.10	0.23
Non Operating Income(Expenses)	0.00	-0.01	-0.03
PBT	0.20	0.10	0.20
Extraordinary/Prior Period - Income(Expense)	0.00	0.00	0.00
Provision for Taxes	0.05	0.03	0.07
PAT	0.15	0.06	0.13

**Adonai Shelters Pvt Ltd- BLR – Rs. 7.00 Crs**

**Annexure II: Balance Sheet**

<b>Balance Sheet</b>			
<b>Crores</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>
	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
<b>Liabilities</b>			
Equity And Reserves	1.13	1.19	1.33
Share capital	0.75	0.75	0.75
Reserves and Surplus	0.38	0.44	0.58
Non-current liabilities	0.10	0.02	0.22
Long-Term Borrowings	0.10	0.02	0.22
Current liabilities	4.24	4.11	4.34
Short-Term Borrowings	3.54	0.15	0.00
Current Portion Of Long Term Debt	0.09	0.06	0.07
Trade Payables	0.05	0.06	0.05
Other Current Liabilities	0.14	3.13	3.38
Short-Term Provisions	0.42	0.71	0.84
<b>Total Liabilities</b>	<b>5.47</b>	<b>5.33</b>	<b>5.89</b>
<b>Assets</b>			
Non-current assets	0.34	0.38	0.48
Net Fixed assets	0.31	0.34	0.43
Deferred Tax Assets (Net)	0.01	0.02	0.03
Long Term Loans and Advances	0.02	0.02	0.02
Current assets	5.14	4.95	5.41
Inventories	2.66	2.13	4.89
Trade Receivables < Six Months	1.11	0.00	0.00
Cash and Cash Equivalentents	0.12	0.26	0.14
Short-Term Loans and Advances	1.25	2.56	0.38
<b>Total Assets</b>	<b>5.47</b>	<b>5.33</b>	<b>5.89</b>

**Adonai Shelters Pvt Ltd- BLR – Rs. 7.00 Crs**

**Annexure III: Key Financial Ratios**

<b>Key Financial Ratios</b>				
<b>Particulars</b>		<b>FY13</b>	<b>FY14</b>	<b>FY15</b>
		<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
Total Debt	Crores	3.73	0.24	0.29
Total Debt ( Analyzed)	Crores	2.68	0.24	0.29
Tangible Net Worth	Crores	1.13	1.19	1.33
Tangible Net Worth (Analyzed)	Crores	2.19	1.19	1.33
Capital Employed	Crores	4.85	1.41	1.59
Total Debt/TNW	Times	3.31	0.20	0.22
Total Debt/TNW(Analyzed)	Times	1.22	0.20	0.22
Long Term Debt/TNW	Times	0.09	0.02	0.17
TOL/TNW	Times	1.98	3.47	3.44
ISCR	Times	2.06	2.18	2.96
DSCR	Times	1.81	1.14	1.62
DSCR(Analyzed)	Times	1.81	1.14	1.52
Net Cash Accruals/Total Debt	Times	0.04	0.49	0.62
Net Cash Accruals/Long Term Debt	Times	1.56	4.70	0.81
Net Profit Margin	Per Cent	2.48	2.35	4.07
Operating Profit Margin	Per Cent	7.61	10.91	13.37
ROCE	Per Cent	8.69	7.65	24.95
Current Ratio	Times	1.21	1.20	1.25
Current Ratio(Analyzed)	Times	2.42	1.20	1.25
Days Receivables	Days	68	74	0
Days Inventory	Days	188	392	518