



Rating Rationale

Bakeri Urban Development Private Limited

2 May 2019

Brickwork Ratings reaffirms the ratings for the Non-Convertible Debentures and Bank Loan facilities of Bakeri Urban Development Private Limited (BUDPL).

Particulars

NCD Rating:

Instruments	Issued in	Amount (Rs in Crs)	Coupon	Maturity date	ISIN Number	Previous Ratings (Apr 2018)	Present Ratings*
NCD	Feb-16	15.00	10.50%	29.04.2021	INE325U08115	BWR BBB-(SO) [Pronounced as BWR Triple B Minus (Structured Obligation)] (Outlook:Stable)	BWR BBB-(SO) [Pronounced as BWR Triple B Minus (Structured Obligation)] (Outlook:Stable) Reaffirmed
	Mar-16	15.00	10.50%	30.04.2021	INE325U08123		
	Mar-16	15.00	10.50%	01.05.2021	INE325U08131		
	Mar-16	15.00	10.50%	03.05.2021	INE325U08149		
	Mar-16	15.00	10.50%	04.05.2021	INE325U08156		
	Aug-16	10.00	10.50%	21.04.2022	INE325U08164		
	Aug-16	10.00	10.50%	22.04.2022	INE325U08172		
	Aug-16	10.00	10.50%	23.04.2022	INE325U08180		
Total		105.00		Rupees Hundred and Five Crores Only/-			

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings.

Bank Loan Rating:

Facilities	Previous Limit Rs in Crs	Present Limit Rs in Crs	Tenure	Previous Rating (Apr 2018)	Present Rating*
Term Loan	26.99	20.51 [^]	Long Term	BWR BBB- (Pronounced as BWR Triple B Minus) (Outlook:Stable)	BWR BBB- (Pronounced as BWR Triple B Minus) (Outlook:Stable) Reaffirmed
WCDL	10.00	10.00			
Dropline OD	50.00	50.00			
Total	86.99	80.51	Rupees Eighty Crores and Fifty One Lakhs Only/-		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

[^]O/S as on 15.04.2019

Rating Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon audited financial result up to FY 18, provisional financial of 6MFY19, projected figures up to FY21, publicly available information and information/clarification provided by the management of the company.

The rating reaffirmation continues to factor Bakeri Group's established brand name in Ahmedabad's real estate market with a track record of more than five decades, support from Bakeri Group, The rating also factors that additional funds by way of USLs have been infused in FY18, raising the level of unsecured loans. However the rating is constrained by the geographical concentration of the company's project, low net worth, high gearing and current subdued conditions in the real estate market.



BUDPL's performance is expected to be stable over the next one year keeping in view the track record of the issuer company and Bakeri group for timely completion of projects along with group support. Going forward, further increase in debt may impact the credit rating of the company. Moreover, improvement in capital structure of the company, achieving projected financial, timely completion of ongoing projects and ensuring the sales of all the units will be key rating sensitivities.

Structured Obligation (SO): SO rating was given based on the corporate guarantee from Bakeri Project Private Limited (Holding company) along with the T-7 structure in which company will make funds available for all debts servicing obligation at least seven working days before the respective due dates.

Description of Key Rating Drivers

- **Credit Strengths:**

Promoters of the company have experience of more than five decades in real estate industry gives additional advantage to company.

The Group has an established brand name in the real estate market of Gujarat. Bakeri has developed more than 5 million square feet of space and executed more than 100 commercial, residential and retail projects in Ahmedabad, Baroda and Pune.

The company has been infusing funds as and when required by way of unsecured loans/NCDs which have been fully subscribed to by the directors.

- **Credit Risks:**

The scale of operations declined with revenue of Rs. 67.38 Crs in FY 18 against Rs. 98.78 Crs in FY17.

Although the company has achieved significant construction progress, completion of the remaining project work within expected timelines without any time overrun and cost overrun remains crucial.

The total debt stood at Rs. 322.80 Crs as on 31 March 2018, out of which Rs. 113.84 Crs is in the form of loans from Banks/FIs, Rs. 92.86 Crs is unsecured loan from group and Rs. 105.00 Crs is in the form of NCDs fully subscribed by the promoters' Group.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **Bakeri Urban Development Private Limited** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

The Bakeri Urban Development Pvt Ltd (BUDPL), subsidiary company of Bakeri Project Pvt Ltd was incorporated in the year 1996. The Company is engaged in the business of construction, development, sales, management and operation of townships, plotted development, housing projects, commercial premises and other related activities. BUDPL is part of Ahmedabad based Bakeri Group. The company has a presence in three cities viz. Ahmedabad, Baroda and Pune.



Mr. Anil Bakeri and Mr. Pavan Bakeri are the promoter directors of the company, Mr. Anil Bakeri is founder promoter of the company having more than five decades experience in the construction industry. Mr. Pavan Bakeri has more than two decades experience in the construction industry.

Company Financial Performance

During FY18, the company has achieved total operating income of Rs. 67.38 Crs against Rs. 98.78 Crs in FY17. The Company has reported decline in net profit in FY18 to Rs. 0.77 Crs against Rs. 2.77 Crs in FY17, due to higher interest and finance charges.

Key Financial Indicators

Key Parameters	Units	2017	2018
Result Type		Audited	Audited
Operating Revenue	₹ Cr	98.78	67.38
EBITDA	₹ Cr	42.38	37.75
PAT	₹ Cr	2.77	0.77
Tangible Net worth	₹ Cr	14.94	15.67
Current Ratio	Times	3.81	3.02

Rating History for the last three years

Sr. No.	Instrument /Facility	Current Rating (2019)			Rating History		
		Type	Amount (₹ Crs)	Rating	20 Apr 2018	07 Sep 2017	31 Aug 2017
1	BLR Fund Based	Long Term	80.51	BWR BBB- (Pronounced as BWR Triple B Minus) (Outlook:Stable) Reaffirmed	BWR BBB- (Pronounced as BWR Triple B Minus) (Outlook:Stable)	BWR BBB- (Pronounced as BWR Triple B Minus) (Outlook:Stable)	BWR BBB- (Pronounced as BWR Triple B Minus) (Outlook:Stable)
2	NCD	Long Term	105.00	BWR BBB- (SO) [Pronounced as BWR Triple B Minus (Structured Obligation)] (Outlook:Stable) Reaffirmed	BWR BBB- (SO) [Pronounced as BWR Triple B Minus (Structured Obligation)] (Outlook:Stable)	BWR BBB- (SO) [Pronounced as BWR Triple B Minus (Structured Obligation)] (Outlook:Stable)	BWR BBB- (SO) [Pronounced as BWR Triple B Minus (Structured Obligation)] (Outlook:Stable)
Total			185.51	₹ One Hundred Eighty Five Crores and Fifty One Lakhs Only/-			

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Structured Obligation](#)

For any other criteria obtain hyperlinks from website



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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER

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