

Press Release

B. NANJI A

November 13, 2017



Rating Assigned

Total Bank Facilities Rated*	Rs. 10.00 Cr.
Long Term Rating	SMERA B- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B-**' (**read as SMERA B minus**) on the Rs. 10.00 crore bank facilities of B. NANJI A. The outlook is '**Stable**'.

Established in 2010, B Nanji A is an Ahmedabad-based partnership firm engaged in the development of commercial and residential projects in and around Ahmedabad. Currently, the firm has undertaken construction of a residential project 'India Colony' comprising 540 flats and 77 bungalows at Ahmedabad.

Key Rating Drivers

Strengths

- **Experienced management**

The firm is led by Partners, Mr. Ashish Bhupendrabhai Patel, Mr. Biren Bhupendrabhai Patel, Mr. Prashant Pravichandra Amin, Mr. Ishwarbhai Parshotamdas Patel, Mr. Mayur Ishwarbhai Patel, Rakeshbhai C. Patel who have more than two decades of experience in the construction industry.

- **Locational advantage**

The project is close to Vatva GIDC Industrial Area and S.P. Ring Road and hence has locational advantage. The fast developing residential areas offer affordable housing and are in great demand.

Weaknesses

- **Project implementation delays**

While the project started in May 2012, it has experienced delays and is likely to be completed by mid 2018. Any further delay in implementation may result in cost overruns and adversely affect viability.

- **Susceptibility to inherent cyclicalities in the real estate industry**

The margins of the firm are susceptible to the inherent cyclicalities in the real estate industry.

Analytical Approach

For arriving at the rating, SMERA has considered the standalone business and financial risk profiles of B Nanji A.

Outlook: Stable

SMERA believes that B Nanji A will maintain a stable outlook and continue to benefit over the medium term from the partners vast experience in the real estate industry. The outlook may be revised to 'Positive' if the firm achieves more than the projected revenue and profitability while maintaining its financial risk profile. Conversely, the outlook may be revised to 'Negative' if the firm fails to achieve growth in revenue and profitability, registers deterioration in the financial risk profile or experiences delays in project completion.

About the Project

The firm has undertaken construction of 'India Colony' comprising 540 flats and 77 bungalows at Ahmedabad. The project started in May 2012 and is expected to be completed by mid 2018. Out of the total project cost of Rs 133.55 crore, around Rs 114.11 crore has been incurred till March '17 (85 per cent). The construction has been funded by a term loan of Rs 7.36 crore, unsecured loan from partners/relatives of Rs 42.92 crore and partner's capital of Rs 23.81 crore with the balance from customer advances of Rs 40 crore.

About the Rated Entity - Key Financials

For FY2017, the firm reported Profit after Tax (PAT) of Rs. 0.07 crore on total operating income of Rs.11.87 crore as against PAT of Rs. 0.10 crore on total operating income of Rs. 6.49 crore .

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure - Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	31-Mar-2019	10.00	SMERA B- / Stable

Contacts

Analytical	Rating Desk
Vinayak Nayak Head – Ratings Operations Tel: 022-67141190 vinayak.nayak@smera.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 varsha.bist@smera.in
Aniruddha Dhar Analyst - Rating Operations Tel: 033-66201212 aniruddha.dhar@smera.in	.

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