

RATING RATIONALE

24 Aug 2023

Bakeri Urban Development Private Limited

Brickwork Ratings revised the ratings for the Non-Convertible Debentures amounting to ₹ 105.00 Crs and Bank loan facilities of ₹ 10.00 Crs of Bakeri Urban Development Private Limited, based on the best available information, as the issuer did not cooperate.

Particulars:

Instrument/ Facilities**	Amount (₹ Cr)		Tenure	Rating#	
	Previous	Present		Previous (25 July 2022)	Present
Non Convertible Debenture	105.00	105.00	Long Term	BWR BBB-/Stable [Revision in Analytical approach]	BWR BB/Stable Issuer Not Cooperating*/ Downgrade
Bank Loan - Fund Based	10.00	10.00		BWR BBB- /Stable [Reaffirmed]	BWR BB/Stable Issuer Not Cooperating*/ Downgrade
Total	115.00	115.00	INR One Hundred and Fifteen Crores Only		

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

**Details of Non Convertible Debenture is provided in Annexure-I and bank loan facilities in Annexure-II

* Issuer did not cooperate, based on the best available information.

RATING ACTION / NATURE OF NON-COOPERATION

Brickwork Ratings (BWR) had previously retained the rating of Bakeri Urban Development Private Limited (BUDPL or the company) to BWR BBB-/Stable, with revision in the analytical approach from 'Credit Enhancement based on Corporate Guarantee' to a standalone approach in view of opinion that the corporate guarantee given by the holding company, Bakeri Projects Private Limited (BPPL), should be viewed as additional strength.

The ratings were due for review in July, 2023. BWR took up with the issuer via emails apart from telephone calls to provide the required information for review of ratings. Despite the efforts of BWR to get minimum required information for a review, the entity has not provided the same. In the absence of adequate information from the issuer, BWR is unable to assess the company's financial performance and its ability to service its debt and maintain a valid rating. Hence, based on the best available information, feedback from debenture trustees, BWR had downgraded the ratings to BWR BB/Stable and migrated the same in the "Issuer Not Cooperating" category for NCDs of Rs.105 Crs and bank loan facilities of Rs.10Crs of BUDPL.

LIMITATIONS OF THE RATING

Information availability risk is a key factor in the assessment of credit risk as generally, non-cooperation by the rated entities to provide the required information for a review of the assigned rating may also be accompanied by financial stress. Users of the credit ratings should therefore take into account the possible deterioration in the credit quality of the rated entity arising from its non-transparency and withholding of information required for a review of the rating.

ANALYTICAL APPROACH - Standalone

BWR has factored in the standalone business parameters and financial risk profile of the company to arrive at the rating.

ABOUT THE ENTITY (As available on 25 July, 2022)

Bakeri Urban Development Private Limited is a 100 percent subsidiary company of Bakeri Project Private Limited (Flagship company of the Bakeri Group) and was incorporated in 1996. The Company is engaged in construction, development, sale, management and operation of townships, plotted development, housing projects, commercial premises and other related activities. The projects executed by the company are mainly located in three cities, viz. Ahmedabad, Baroda and Pune. It also has a land bank in Bangalore for future projects. The company is a part of Gujarat based Bakeri Group having presence in the real estate sector since 1959. Bakeri Group has implemented more than 100 projects over the past five decades on a land area of over 14 million square feet (includes the ongoing projects) mainly in Ahmedabad and Baroda region.

ABOUT THE PROJECT (As available on 25 July, 2022)

At present, the company has two ongoing residential projects under the name of ‘**Bakeri Swara**’ and ‘**Serenity Proximus(Phase-II)**’ having total saleable area of 18,84,780 sq. ft. The company has incurred around 96 percent of total construction cost with around 83 percent booking achieved as on 31st March 2022 whereas the company has incurred around 85 percent of the total construction cost and around 5 percent booking achieved as on 31st March 2022. Hence, the company has sold around 595452 sq.ft. of area out of the total saleable area of 18,84,780 sq. ft. for a sale value of Rs. 132.17 Crs as on 31st March 2022.

The company has also launched a plotted development scheme project under the name of “**Sylvan Golf & Country Homes**” located in Agol village which also includes a golf course and country club. The project was launched in April, 2021 with a total saleable area is 45,57,537 sq.ft. and around 33 percent of the construction cost has been incurred as on 31st March 2022. The company has sold an area of around 2,11,716 sq.ft. for total sale value of Rs. 11.17 Crs as on 31st March 2022. The project is expected to be completed in March 2026.

KEY FINANCIAL INDICATORS (in ₹ Cr) - BUDPL [Standalone]

Key Parameters	Units	FY2022	FY23	Q1FY24 (30 June, 2023)
Result Type		Audited	Audited	Unaudited
Operating Revenue	Rs. Crs.	43.64	25.95	6.28
EBITDA	Rs. Crs.	33.78	12.09	3.39
PAT	Rs. Crs.	-3.90	-0.59	1.06
Tangible Net worth	Rs. Crs.	12.91	12.34	13.40
Total Debt/ Tangible Net Worth (Analyzed)	Times	1.81	3.34	2.72
Current Ratio	Times	2.59	3.24	2.90

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED

The terms of sanction include standard covenants normally stipulated for such facilities.

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY

Not Applicable

ANY OTHER INFORMATION

Not Applicable

RATING HISTORY FOR THE PREVIOUS THREE YEARS [INCLUDING WITHDRAWAL AND SUSPENDED]

Instrument / Facilities	Current Rating 2023			Rating History			
	Tenure	Amount (₹ Cr)	Present Rating	25 July, 2022	26 May, 2021	30 April, 2020	2 May, 2019
Non Convertible Debenture	Long Term	105.00	BWR BB /Stable Issuer Not Cooperating*/ Downgrade	BWR BBB- /Stable [Revision in analytical approach]^	BWR BBB-(CE) /Stable [Reaffirmed]	BWR BBB-(CE) /Stable [Reaffirmed]	BWR BBB-(CE) /Stable [Reaffirmed]
Fund Based - Bank Loan Facilities	Long Term	10.00	BWR BB /Stable Issuer Not Cooperating*/ Downgrade	BWR BBB- /Stable [Reaffirmed]	BWR BBB- /Stable [Reaffirmed]	BWR BBB- /Stable [Reaffirmed]	BWR BBB- /Stable [Reaffirmed]
Total		115.00	INR One Hundred and Fifteen Crs Only				



Rating advisory, as on 1 June 2022 (Advisory issued for delay in review of the Rating)

* Issuer did not cooperate, based on the best available information.

^revision in the analytical approach from 'Credit Enhancement based on Corporate Guarantee' to a standalone approach in view of the opinion that the corporate guarantee given by the holding company, Bakeri Projects Private Limited (BPPL), should be viewed as additional strength.

COMPLEXITY LEVELS OF THE INSTRUMENTS: Simple

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [What Constitutes Non-Cooperation](#)
- [Rating Criteria - Rating of Real Estate - Residential Projects](#)

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ANNEXURE I

Bakeri Urban Development Private Limited

Details of Non Convertible Debentures rated by BWR

Instrument	Issue Date	Present Amount (₹ Cr)	Coupon Rate	Maturity Date	ISIN Particulars
Non Convertible Debentures	Feb-2016	15.00	10.00 % p.a.	29 April 2026	INE325U08198
	Mar-2016	15.00	10.00 % p.a.	30 April 2026	INE325U08206
	Mar-2016	15.00	10.00 % p.a.	01 May 2026	INE325U08214
	Mar-2016	15.00	10.00 % p.a.	03 May 2026	INE325U08222
	Mar-2016	15.00	10.00 % p.a.	04 May 2027	INE325U08230
	Aug-2016	10.00	10.00 % p.a.	21 April 2027	INE325U08248
	Aug-2016	10.00	10.00 % p.a.	22 April 2027	INE325U08255
	Aug-2016	10.00	10.00 % p.a.	23 April 2027	INE325U08263
TOTAL		105.00			

Total Rupees One Hundred and Five Crores only.

ANNEXURE II

Bakeri Urban Development Private Limited

Details of Bank Loan Facilities rated by BWR

Sl. No.	Name of the Bank / Lender	Type of Facilities	Long Term (Rs. Crs.)	Short Term (Rs. Crs.)	Total (Rs. Crs.)
1.	The Karur Vysya Bank Limited	Secured Overdraft (SOD)	10.00	-	10.00
2.	The Karur Vysya Bank Limited	Working Capital Demand Loan (Sublimate of SOD)	(10.00)	-	(10.00)

Total Rupees Ten Crores only.



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