



Press Release

AYB Buildcon LLP

December 04, 2023

Ratings

Facilities	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities –	138.50 (Decreased from 146.00)	IVR BB+/ Stable (IVR Double B Plus with Stable Outlook)	Revised	Simple
Total	138.50 (Rupees One Hundred Thirty Eight crore and Fifty lacs Only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The revision of the ratings assigned to the bank facilities of AYB Buildcon LLP factors in withdrawal of partner's capital in FY23 leading to deterioration of capital structure of the firm. The ratings continue to factor strength from extensive experience of partners and established track record of the promoter group, favorable project location, scheduled execution and healthy bookings. The rating is, however, constraint by project implementation risk and exposure to risks relating to cyclicity in real estate industry.



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Key Rating Sensitivities:

Upward Factors

- Significant improvement in the sales velocity and collections.
- Timely completion of the project without any cost overrun.
- Capital infusion by partners leading to improvement in capital structure of the firm.

Downward Factors

- Significant time and cost overrun for the project
- Lower than expected booking status at envisaged realizations.
- Further withdrawal of the capital by partners leading to deterioration of the overall capital structure of the firm.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Extensive experience of partners; established track record of the promoter group**

ABL is the part of Ahmedabad - Gujarat based Shilp Group which has an established track record of over two decades in execution various real estate projects. The key promoters in Shilp Group include Mr. Yash Brahmbhatt, Mr. Arpan Barot, Mr. Jaydev Bhaskar, Mr. Amit Patel and Mr. Sarad Patodia who carry rich experience of over two decades in the real estate sector through their association with other group firms. Given their extensive experience, the firm has been able to scale up the sales as also construction of its on-going projects - Shilp-Revanta and Shilp-Ananta.



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- **Favourable project location**

The project Shilp-Revanta and Shilp-Ananta is located in Shela, Ahmedabad an upcoming area of Ahmedabad which is well connected to various key city locations. The site is also well connected by different modes of transportation and is in proximity of various civic amenities – a prime factor relevant to such projects which additionally increase project attractiveness

- **Scheduled execution and healthy bookings**

ABL has completed ~92% of construction work for Shilp-Revanta project and ~90% of construction work for Shilp-Ananta Project as on October 2023. ABL has sold 619 units having sales value of Rs.287 crore out of 802 units in Shilp-Revanta project and has sold 539 units having sales value of Rs.242 crore out of 621 units in Shilp-Ananta project as of October 2023.

Key Rating Weaknesses

- **Withdrawal of capital funds by promoters in FY23 leading to deterioration of capital structure of the firm**

ABL's partners have withdrawn the capital of Rs.37.52 crore in FY23. ABL's capital stood at Rs.22.55 crore as on March 31st 2023 (Rs.60.07 crore as on March 31st 2022). Reduction in capital leading to deterioration of overall capital structure of the firm. Overall gearing ratio of the firm stood at 22.47x as on March 31st 2023 (2.12x as March 31st 2022).



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- **Project implementation risk**

Both the projects are still in construction stage, although more than 90% construction is completed till Oct 2023. Booking of units till Oct 2023 stood ~77% for Shilp-Revanta and ~88% for Shilp-Ananta and therefore ability to sell the remaining units at attractive price will be key rating monitorable going ahead and will be critical for timely completion of the project as well.

- **Exposure to risks relating to cyclicity in real estate industry**

Cyclicity in the real estate segment could lead to fluctuations in cash inflow because of volatility in realisation and saleability. This may impact the debt servicing ability of ABL. ABL will remain susceptible to the inherent cyclicity in the real estate sector.

Analytical Approach: Standalone

Applicable Criteria:

[Criteria of assigning rating Outlook](#)

[Rating Methodology for Real Estate Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)



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Liquidity – Adequate

ABL is projected to maintain an adequate level of inflow and the same is expected to increase gradually with increase in bookings. In addition, availability of escrow mechanism along with DSRA/ISRA account will ensure the smooth repayments. Further, the firm is likely to benefit from the resourcefulness of the partners' group. Overall liquidity position is expected to be adequate.

About the Company

AYB Buildcon LLP (ABL), an Ahmedabad-based limited liability partnership firm is a Special Purpose Vehicle (SPV) which was established in November 2019 and is engaged in real estate development. The firm comprise of four partners namely, Shilp Group represented by Mr. Yash Brahmhatt and Mr Arpan Barot along with other partners viz. Jaydev P. Bhaskar, Amit S. Patel and Sarad G. Patodia. The firm is in the process of execution of an affordable housing and commercial projects named Shilp-Revanta and Shilp-Ananta in Shela, Ahmedabad, Gujarat. Shilp-Revanta project consist of 96 commercial shops and 706 residential units while Shilp-Ananta project consist 11 commercial shops and 610 residential units.



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Financials (Standalone)

(Rs. crore)

For the year ended / As On*	31-03-2022 (Audited)	31-03-2023 (Audited)
Total Operating Income	0.00	0.00
EBITDA	6.63	21.28
PAT	(1.94)	(2.42)
Total Debt	127.95	452.81
Tangible Net Worth	60.08	20.15
Ratios		
EBITDA Margin (%)	NM	NM
PAT Margin (%)	NM	NM
Overall Gearing Ratio(x)	2.12	22.47

*As per Infomerics' standards

**NM= Not Meaningful

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 (September 5, 2022)	Date(s) & Rating(s) assigned in 2021-22 (June 8, 2021)	Date(s) & Rating(s) assigned in 2020-21
1.	Term Loans	Long Term	138.50	IVR BB+/Stable	IVR BBB-/Stable	IVR BBB-/Stable	-



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Name and Contact Details of the Analytical department:

Name: Jalaj Srivastava
Tel: (079) 40393043
Email: jalaj.srivastava@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks. Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com.



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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loans	-	-	Up to March 2027	138.50	IVR BB+/Stable

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-AYB-dec23.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.