



## Press Release

### Classic Promoters & Builders Private Limited (CPBPL)

**March 30, 2024**

#### Ratings:

Instrument / Facility	Amount (Rs. Crore)	Ratings	Rating Action
Long Term Bank Facilities	386.16	IVR BB+/ Stable  (IVR Double B Plus With Stable Outlook)	Assigned
<b>Total</b>	<b>386.16</b> <b>(Three hundred</b> <b>&amp; eighty-six</b> <b>crore and</b> <b>sixteen lakhs)</b>		

**Details of Facilities are in Annexure 1**

#### Detailed Rationale:

The rating assigned to the bank facilities of Classic Promoters & Builders Private Limited derives strength from experienced promoters in the real estate industry and locational advantage due to good accessibility of the projects from key locations of Pune. However, these rating strengths remain constrained by geographical concentration risk, nature of real estate industry subject to regulations and project execution & marketing risk.

#### Key Rating Sensitivities:

##### Upward Factors:

- Timely completion of the projects
- Sale of unsold inventory at competitive rates

##### Downward Factors:

- Significant delay in completion of project.
- Significant cost overruns of the project.
- Lower than expected booking status.



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### **Key Rating Drivers with detailed description:**

#### **Key Rating Strengths:**

##### **Experienced promoters in the real estate industry**

The company is promoted by Mr. Ashok Chordia, the founder of the group. He is a commerce graduate having a diverse experience in hospitality and the real estate business. Mr. Atul Chordia, son of Mr. Ashok Chordia, is a commerce graduate and an MBA from Australia. He has been actively involved in the business in construction, planning, project execution and sales. They have over two decades of experience in the real estate industry. Further they are supported by other experienced key managerial professionals. The company benefits from the industry experience of its directors and professional management.

##### **Locational advantage due to good accessibility of the projects from key locations of Pune.**

The projects executed by the company are located in prominent area of Pune including Gangadham Chowk (located on the southern part of Pune, with projects namely Premier Tower, Solitaire Business Hub, World Plaza, Solitaire World, World 1 & 2, World 3 & 4), Baner ( located in the western part of Pune with project namely SBH Baner), Dapodi (located on the western side of Pune with project namely Avelon) & Pune Satara Road (located in the eastern part of Pune with project namely Mudra ). Pune has been enjoying rapid development in terms of real estate, social infrastructure and education sectors. Further, its proximity to the IT hub has led to the development of a number of malls, shopping centers, hotels and multiplexes in its vicinity.

#### **Key Rating Weaknesses:**

##### **Geographical Concentration Risk**

All of the group's ongoing projects are located in and around Pune, which exposes the group to geographical concentration risk. Any severe impact on the local real estate market can impact the group's overall operations.

##### **Nature of real estate industry subject to regulations**

The real estate sector is volatile in nature with an inherent liquidity risk associated to it. There may be fluctuations in cash flows due to delayed realization & changes in regulatory requirements. The central law RERA provided the basic framework of consumer protection in real estate transactions: raising disclosure requirements of builders, bridging existing information asymmetry between buyers and builders, and ring-fencing the money paid upfront by buyers.



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### **Project Execution & marketing Risk**

CPBPL'S projects are under various phases of construction, alternatively the sales across these projects are at different stages. Achieving the envisaged realizations for the unsold inventory while maintaining the sales momentum remains crucial going forward. With the progress of construction, the sales momentum is likely to accelerate providing adequate cash flows. The implementation period makes the company susceptible to time and cost overruns, which may affect profitability. Although, operational ability to sell the units is key to meet the debt obligation on time.

**Analytical Approach:** Standalone

### **Applicable Criteria:**

[Rating Methodology for Infrastructure Companies](#)

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

[Criteria on Rating Outlook](#)

### **Liquidity – Adequate**

Company is projected to maintain an adequate level of inflow and the same is expected to increase gradually with increase in bookings/sales realization. Further, the company is likely to benefit from the resourcefulness of the promoters group. Overall liquidity position is expected to be adequate.

### **About the Company**

Classic Promoters & Builders Private Limited (Classic Promoters) was incorporated in 1988 and is the flagship company of the Chordia Group (Solitaire). The company is engaged in the development of residential and retail & commercial properties, predominantly in Pune. The promoters have been engaged in the real estate activities for the last 25 years.



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### Financials: Standalone

(Rs. crore)

For the year ended/* As On	31-03-2022	31-03-2023
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	512.15	640.23
EBITDA	-2.68	-19.62
PAT	2.45	3.22
Total Debt	1167.99	1791.15
Tangible Net-worth	604.79	608.01
<b>Ratios</b>		
EBITDA Margin (%)	-0.52	-3.06
PAT Margin (%)	0.47	0.48
Overall Gearing Ratio (x)	1.93	2.95

\*Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA:** Nil

**Any other information:** Not Applicable

**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	Date(s) & Rating(s) assigned in 2021- 22	Date(s) & Rating(s) assigned in 2020- 21
1.	Long Term Bank Facilities	Long Term	386.16	IVR BB+/Stable	-	-	-

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### 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).



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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.

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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
Long Term Fund Based Facilities	-	-	FY2026	386.16	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-classicpromoters-mar24.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 based on complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).