

D. S. Kulkarni Developers Limited (Revise)

June 30, 2017

Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Non- Convertible Debentures	111.59 (Rupees One Hundred Eleven Crore and Fifty Nine Lakh only)	CARE D	Revised from CARE C; Negative (Single C; Outlook: Negative)
Fixed Deposits	33.86 (Rupees Thirty three crore and eighty six lakh only)	CARE D	Revised from CARE C (FD); Negative (Single C (Fixed Deposit); Outlook: Negative)

*Details of instruments in Annexure-1***Detailed Rationale & Key Rating Drivers**

The revision in the rating of instruments is on account of inability of the company to service its interest obligations on due date on Option I and Option IV of its Non- Convertible Debentures as per the company's intimation to Stock Exchange. The likely delays are on account of deterioration in overall financial risk profile and stretched liquidity position of the company.

Detailed description of the key rating drivers**Key Rating Weaknesses*****Delays in debt servicing***

As per the intimation by the company to Stock Exchange, the company would not be able to service its interest obligations due on July 1, 2017 on the Option I and Option IV of its Non- Convertible Debentures on account of its stretched liquidity position. Moreover there are on-going delays in debt servicing in the existing bank facilities.

Deterioration in financial risk profile

The company reported a decline of 34.22% (Y-o-Y) in Total Operating Income (TOI) from Rs.175.01 crore in FY16 to Rs.115.12 crore in FY17 and a drop in Profit After Tax (PAT) margin by 631 bps to Rs.0.89 crore in FY17 from Rs.12.39 crore in FY16.

Analytical approach: Standalone**Applicable Criteria**[Criteria on assigning Outlook to Credit Ratings](#)[CARE's Policy on Default Recognition](#)[CARE's methodology for financial ratios- Non Financial Sector](#)**About the Company**

D S Kulkarni Developers Limited (DSKDL) was incorporated in 1991 by Mr D S Kulkarni. The equity shares of the company are listed on stock exchanges. DSKDL is the flagship company of the diversified DSK Group, formed for the purpose of real estate development, initially commencing from Pune. Between 1991–2015 the company developed 212 lakh square feet (Isf) (largest in Pune) of real estate projects (predominantly residential properties). The company has developed and delivered more than 65 projects comprising of more than 19,000 apartments in the recent past and has a significant presence in Pune along with footprints in Mumbai, Nasik and Bangalore in India and New Jersey in USA (through its fully owned subsidiary).

During FY17, the company reported PAT of Rs.0.89 crore on TOI of Rs.115.12 crore as compared to PAT of Rs.12.39 crore on TOI of Rs.175.01 crore in FY16. The financial results are in accordance with Indian Accounting Standards (Ind AS).

Status of non-cooperation with previous CRA: Not applicable**Any other information:** Not applicable**Rating History for last three years:** Please refer Annexure-2

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

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In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non Convertible Debentures	September 6, 2014	Option I (INE891A07011): 12.50%	06/09/2017	111.59	CARE D
		Option II (INE891A07037): NA	06/03/2020		
		Option III (INE891A07045): 12.65%	Staggered redemption schedule with last maturity date: 06/09/2020		
		Option IV (INE891A07029): 12.75%	06/09/2021		
Fixed Deposit	-	-	-	33.86	CARE D (FD)

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Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - LT-Cash Credit	LT	20.00	CARE D	1)CARE D (04-Apr-17)	-	1)CARE BBB+ (17-Feb-16)	1)CARE BBB+ (08-Jul-14)
2.	Fund-based - LT-Term Loan	LT	445.79	CARE D	1)CARE D (04-Apr-17)	-	1)CARE BBB+ (17-Feb-16)	1)CARE BBB+ (08-Jul-14)
3.	Fixed Deposit	LT	33.86	CARE D (FD)	1)CARE C (FD); Negative (04-Apr-17)	-	1)CARE BBB+ (FD) (17-Feb-16)	1)CARE BBB+ (FD) (08-Jul-14)
4.	Debentures-Non Convertible Debentures	LT	111.59	CARE D	1)CARE C; Negative (04-Apr-17)	-	1)CARE BBB+ (17-Feb-16)	1)CARE BBB+ (08-Jul-14)
5.	Fund-based - LT-Working Capital Limits	LT	50.00	CARE D	1)CARE D (04-Apr-17)	-	1)CARE BBB+ (17-Feb-16)	1)CARE BBB+ (08-Jul-14)
6.	Fund-based/Non-fund-based-Long Term	LT	200.00	CARE D	1)CARE D (04-Apr-17)	-	1)CARE BBB+ (17-Feb-16)	1)CARE BBB+ (08-Jul-14)

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