



Developer Grading Rationale
October 28, 2022, Thiruvananthapuram
Favourite Constructions Pvt Ltd

Developer grading	DA2
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Valid until: October 27, 2023

Detailed rationale

CRISIL has reaffirmed its real estate developer grading of '**DA2**' on Favourite Constructions Pvt Ltd (FCPL).

The grading indicates the developer's ability to execute real estate projects as per the specified quality level and within the stipulated time schedule, and transfer a clean title is '**Very Good**'.

The grading continues to reflect the developer's strong brand image and goodwill in the Thiruvananthapuram's real estate market, sound marketing practices and project-development strategies. The grading also factors in the company's sound financial-risk profile and liquidity driven by moderate bookings for the ongoing projects and timely receipt of customer advances.

The group derives its strength from its experienced promoter and an efficient senior management team.

These strengths are partially offset by the firm's geographical concentration in the Thiruvananthapuram market, limited experience in commercial and retail segments, and marginal delays in obtaining occupancy/ completion certificates across projects.

Also, FCPL has executed 24 projects across Thiruvananthapuram, resulting in a high degree of geographic concentration, making the company highly vulnerable to changes in the city's civil infrastructure policies and socio-economic and political conditions. To mitigate this, it needs to diversify into other micro markets and segments.

The developer has seven ongoing projects of 7.11 lakh sq ft in the residential segment and plans to launch four projects totalling 4.01 lakh sq ft in the next one year in Thiruvananthapuram and in Bangalore. Thus, its ability to diversify across segments (commercial and retail) and expand geographically will be a key monitorable.

FCPL has experience in executing residential projects only in and around Trivandrum. FCPL is yet to establish its presence in the commercial, retail, and hospitality segments. Thus, management's ability to diversify across multiple segments will be a key monitorable.

The group has completed 24 projects covering 16.44 lakh square feet (sq ft) since inception. It has seven ongoing projects totalling 7.11 lakh sq ft. Of the 24 projects, it has delivered 17 as per the timelines, while four projects witnessed a delay of few months in physical possession. The delays were due to the unprecedented climate conditions and difficult terrain of the land. For 11 of the 24 projects, there has been an average delay of three months in obtaining occupancy certificates due to a hold-up in statutory approvals.



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Based on provisional financials shared for fiscal 2022, the company's financial-risk profile is moderate, as evidenced by its net worth of Rs 17.18 crore. It reported a modest profit after-tax of Rs 2.68 crore and a profit after-tax margin of 2.82%. Its net sales for the fiscal year were Rs 95.09 crore, slightly more than Rs 88.02 crore for fiscal 2021.

About the developer

Established in 2001, FCPL has an operational track record of two decades. Its operations are overseen by its chairman and managing director, Martin Thomas Ezekiel. He has more than two decades of experience in the real estate sector and adequate understanding of the company's operations (in and around Thiruvananthapuram). His extensive industry knowledge, backed by vast experience, is a huge benefit for the entity.

Since 2001, FCPL has its presence in the Thiruvananthapuram real estate market. Due to its effective marketing and project development tactics, it has a strong brand image in the market. Another of its group business is interior designing and home décor contracts for buyers of FCPL, undertaken by Favourite Lifestyles Pvt Ltd (FLPL).

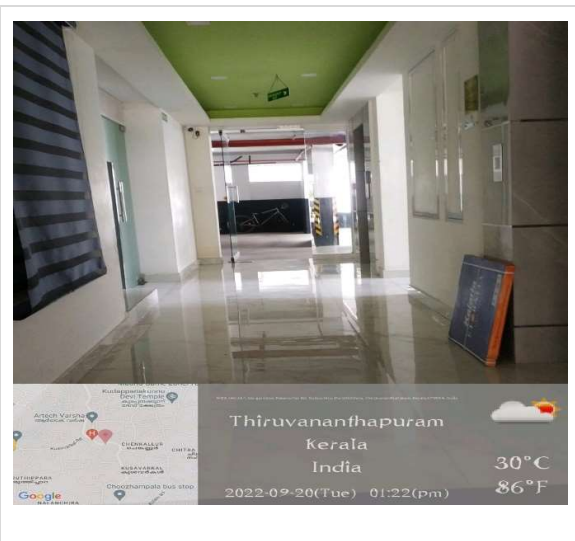
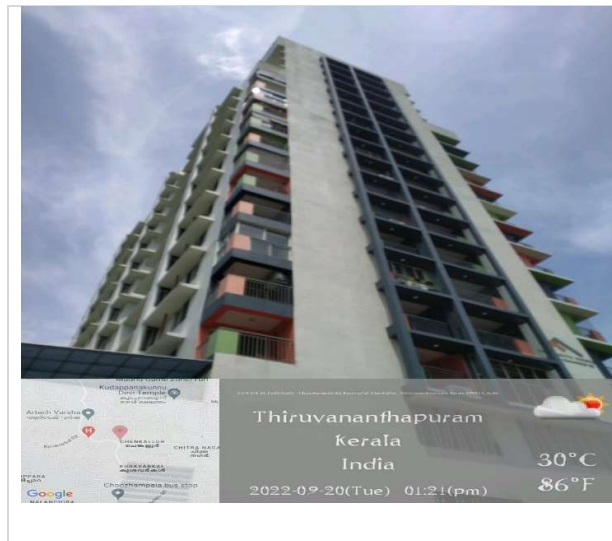
Photographs

Completed projects

The Serene Bay



The Park



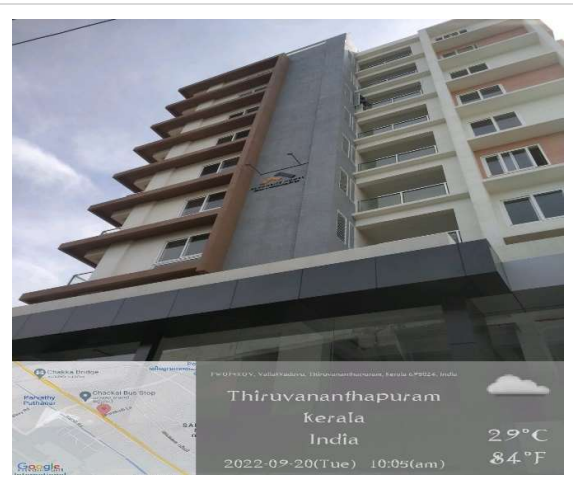
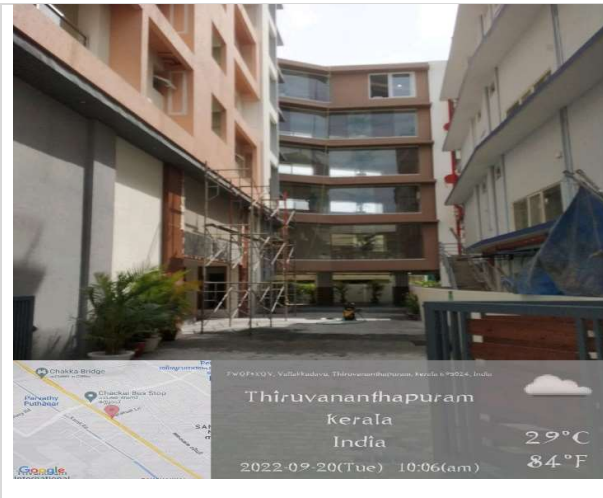


Ongoing projects

The Spring Wood



The Aeropolis



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