



Developer Grading Rationale
November 09, 2023, Thiruvananthapuram
Favourite Constructions Pvt Ltd

Developer grading

DA2

Valid until: November 08, 2024

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**'.

FCPL was established in 2001 and has a track record of over two decades in the industry. The oversight of the company's operations is under Mr. Martin Thomas Ezekiel, who serves as the managing director.

The grading continues to reflect developer's brand reputation, track record and positive standing in Thiruvananthapuram's real estate market, as well as their effective marketing techniques and project development strategies. Additionally, the company's satisfactory financial risk profile and liquidity, also strengthened by steady bookings for ongoing projects and timely collection of customer advances.

These strengths are partially offset by the company's geographical concentration in the Thiruvananthapuram market and limited experience in commercial and retail segments.

Also, FCPL has executed 28 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, FCPL has plans to diversify into Bangalore market.

The developer has nine ongoing projects of 9.28 lakh sq. ft in the residential segment and plans to launch three projects totalling 2.58 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 in and around Trivandrum. It has completed only one commercial project yet and 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.

Of the 28 projects, it has delivered 20 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 14 of the 28 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 audited financials shared for fiscal 2023, the company's financial-risk profile is moderate, as evidenced by its net worth of Rs 18.05 crore. It reported a Compound Annual Growth Rate (CAGR) of 11.69% from FY 21 to FY 23 of its net sales. The company's net sales demonstrated growth, reaching Rs. 109.80 Cr, in contrast to Rs. 96.32 Cr in FY 22. Furthermore, the company achieved a marginal improvement in its operating profit before depreciation, interest, and tax (OPBDIT) margin, which increased to 5.63% in FY 23, compared to 5.05% in FY 22.

About the developer

Founded in 2001, FCPL has a twenty-year operational history. The company's leadership is in the hands of Mr. Martin Thomas Ezekiel, who serves as the Chairman and Managing Director. With over two decades of experience in the real estate sector, particularly in and around Thiruvananthapuram, Mr. Ezekiel possesses a profound understanding of the company's operations. Additionally, FCPL offers interior designing and home décor services to its buyers through its subsidiary, Favourite Lifestyles Pvt Ltd (FLPL).



Photographs

Completed projects

The Petals



The Violet



The Gardenia



Le Royale





Ongoing projects

The Maple Bay



The Laurels



The Techsquare



The Springdale



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