

November 05, 2014

<b>Facilities</b>	<b>Amount (Rs. Crore)</b>	<b>Ratings</b>
<b>Proposed Cash Credit</b>	<b>25.00</b>	<b>SMERA B/Stable (Assigned)</b>
<b>Proposed Bank Guarantee</b>	<b>25.00</b>	<b>SMERA A4 (Assigned)</b>

SMERA has assigned a rating of '**SMERA B**' (read as SMERA single B) and '**SMERA A4**' (read as SMERA A four) to the Rs.50.00 crore bank facilities of Sashwat Construwell Private Limited (SCPL). The outlook is '**Stable**'. The ratings are constrained by the company's exposure to project execution risk. The ratings are also constrained by the company's high dependence on customer advances amidst intense competition in the real estate sector. The abovementioned weaknesses are partially offset by the company's experienced management.

SCPL, incorporated in 1997, is a Mumbai-based real estate development company. SCPL is currently undertaking development of a residential complex (named Bhoomi Celestia) in Malad, Mumbai. The proposed complex comprises three 30-storey towers with a total of 540 apartments. The project is under joint development agreement with ASPEE, which has provided land and has 51 per cent share in the total saleable area of ~9 lakh sq. ft. The total construction cost is ~Rs.480.00 crore (excluding cost of land). The construction activity commenced in January 2014 and is likely to be completed by December 2018. SCPL's project is in the nascent stage of construction. The company has incurred construction cost of Rs.66.46 crore (~14 of total the construction cost) till September 2014. SMERA believes delays in project execution may result in significant cost overruns. SCPL expects to fund ~75 per cent of the construction cost through customer advances. The company faces intense competition from several players in the real estate sector.

SCPL benefits from its experienced management. The promoters of the company have around two decades of experience in the real estate sector.

### **Outlook: Stable**

SMERA believes SCPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the company executes the ongoing project according to the scheduled timeline while generating healthy cash flows from customer advances. The outlook may be revised to 'Negative' in case of delays in project execution and receipt of customer advances, or in case of deterioration in the company's financial risk profile or liquidity position.

**Disclaimer:** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.

### About the project

Bhoomi Celestia is an upcoming residential complex in Malad, Mumbai. The proposed complex comprises three 30-storey towers with a total of 540 apartments. The project is under a joint development agreement between ASPEE and SCPL. ASPEE and has 51 per cent share in the total saleable area. The total project area is ~12.50 lakh sq. ft and the total saleable area is ~9.00 lakh sq. ft. The project is expected to be completed by December 2018. The total cost of the project (excluding cost of land) is ~Rs.480.00 crore.

### About the company

SCPL, incorporated in 1997, is a Mumbai-based real estate development company promoted by members of the Mehta and Doshi families.

For FY2013-14 (as per provisional financial statements), SCPL registered profit after tax (PAT) of Rs.0.91 crore on operating income of Rs.1.59 crore, as compared with PAT of Rs.1.51 crore on operating income of Rs.5.44 crore in the previous financial year. SCPL's net worth stood at Rs.10.71 crore (provisional) as on March 31st 2014, as compared with Rs.9.76 crore a year earlier.

### Contact List:

Media/Business Development	Analytical Contacts	Rating Desk
Mr. Antony Jose Vice President – Business Development Tel: +91-22-6714 1191 Email: <a href="mailto:antony.jose@smera.in">antony.jose@smera.in</a> Web: <a href="http://www.smera.in">www.smera.in</a>	Mr. Ashutosh Satsangi Vice President – Operations Tel: +91-22-6714 1107 Email: <a href="mailto:ashutosh.satsangi@smera.in">ashutosh.satsangi@smera.in</a>	Tel: +91-22-6714 1128 Email: <a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a>