

February 01, 2016

Facility	Amount (Rs. Crore)	Rating
Term Loan	14.00	SMERA B/Stable (Reaffirmed)

SMERA has reaffirmed the rating of '**SMERA B**' (**read as SMERA B**) on the abovementioned bank facility of Dedhia Builders & Developers India LLP (DBDIL). The outlook is '**Stable**'. The rating continues to remain constrained by the firm's exposure to project execution risk, high dependence on external funding for the ongoing project and moderate bookings. The rating is also constrained as the firm is susceptible to cyclical and intense competition in the real estate sector. However, the rating draws comfort from the experienced management.

Update

The firm has begun construction of a residential building - Dedhia El Canto in Thane, Maharashtra of which around 36 per cent work is pending. While the firm expects to complete the project by December 2017, it continues to be exposed to project execution risk. DBDIL has sold 30 apartments and received customer advances of about Rs.7.14 crore.

Rating Sensitivity Factors

- Project saleability
- Mobilization of customer advances

Outlook: Stable

SMERA believes DBDIL will maintain a stable business risk profile over the medium term and continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the firm generates steady cash flows from customer advances. Conversely, the outlook may be revised to 'Negative' in case of stretch in the firm's liquidity on account of delays in execution of project or collection of booking money.

About the Project

DBDIL has undertaken the construction of a 28-storey residential building - 'Dedhia El Canto' in Waghbil, Thane. The total project cost of the building with 79 apartments is Rs.46.86 crore to be funded through promoters' funds of Rs.11.42 crore, unsecured loans of Rs.4.00 crore, term loan of Rs.14.00 crore and customer advances of Rs.17.44 crore. The construction work on the project began in December 2014 and is likely to be completed by December 2017.

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About the Firm

DBDIL, established in 2004, is a Mumbai-based partnership firm promoted by Mr. Laxmichand M. Dhedia, Mr. Sonesh L. Dedhia, Ms. Bijal S. Dedhia among others. The group is into real estate development.

The net worth of the firm stood at Rs.10.23 crore as on March 31, 2015 as compared with Rs.13.81 crore a year earlier.

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