

February 25, 2015

Facility	Amount (Rs. Crore)	Rating
Fund-based Working Capital	37.00	SMERA B/Stable (Assigned)

SMERA has assigned a long-term rating of '**SMERA B**' (read as **SMERA single B**) to the Rs.37.00 crore bank facility of Shree Sai Developers (SSD). The outlook is '**Stable**'. The rating is constrained by the firm's exposure to saleability risk amidst intense competition in the real estate sector. The rating is also constrained by the firm's high dependence on customer advances for funding of the ongoing project. However, the rating draws comfort from the firm's experienced management.

SSD, established in 2011, is a Surat-based real estate developer. SSD is a part of the Anjani Group. The firm has acquired 99,755 sq. metres of land in Bardoli (Surat) for construction of a residential complex named 'Avadh Lake Palace'. The project comprises 565 row houses. The construction work commenced in April 2011. The total cost of the project is Rs.102.00 crore, which is likely to be funded through debt of Rs.37.00 crore, promoters' funds of Rs.19.00 crore, customer advances of Rs.27.00 crore and interest-bearing unsecured loans of Rs.19.00 crore. SSD has incurred project cost of Rs.86.46 crore as on January 20, 2015. Although the firm has received booking money for ~330 units, only 34 units have been sold as on January 20, 2015. SSD is highly dependent on timely receipt of customer advances, which account for a major portion of the project funding. The firm has booked revenue of Rs.7.05 crore in FY2013-14. SSD faces intense competition from several players in the real estate market of Surat. The firm is also susceptible to the current slowdown in the real estate sector.

SSD benefits from its experienced management. The promoters of the firm have around ten years of experience (derived through associate entities) in the construction business. The Anjani Group has successfully executed eight residential and commercial projects over the past five years.

Rating sensitivity factors

- Timely completion of project
- Timely receipt of customer advances

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) for the latest information on any instrument rated by SMERA.

Outlook: Stable

SMERA believes SSD will maintain a stable business risk profile over the medium term. The firm will 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 the firm faces liquidity pressure on account of delays in execution of project and receipt of customer advances.

About the firm

SSD, established in 2011, is a Surat-based partnership firm promoted by Mr. Lavjibhai Daliya, Mr. Jayatibhai Babariya, Mr. Dilipbhai Udhad, Mr. Kiritbhai Patel, Mr. Bhaveshbhai Buha, Mr. Vipulbhai Udhad and Mrs. Sonalben Undhad. SSD is a part of the Anjani Group. The firm is currently undertaking construction of row houses in Bardoli, Surat.

Media / Business Development	Analytical Contacts	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 9820802479 Email: antony.jose@smera.in	Ashutosh Satsangi Vice President – Operations Tel: +91-22-6714 1107 Email: ashutosh.satsangi@smera.in	Tel: +91-22-6714 1170 Email: ratingdesk@smera.in

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) for the latest information on any instrument rated by SMERA.