

April 06, 2015

Facility	Amount (Rs. Crore)	Rating
Term Loan	9.00	SMERA B+/Stable (Assigned)

SMERA has assigned a rating of '**SMERA B+**' (read as **SMERA single B plus**) to the abovementioned bank facility of Narayan Developers (ND). The outlook is '**Stable**'. The rating is supported by the firm's experienced management. The rating also draws comfort from the strong project execution capability of the group. However, the rating is constrained by the firm's exposure to geographical concentration risk and intense competitive pressure.

ND, established in 2013, is a Surat-based partnership firm engaged in real estate development. ND benefits from its experienced management. The partners of the firm have around 10 years of experience in the real estate sector. ND is a part of the Narayan Group, which has successfully completed several real estate projects with total area of ~11.73 lakh sq. ft.

ND's projects are concentrated in the Surat region. The firm faces intense competition from several players in the real estate sector. Revenues from the firm's ongoing projects will be booked in FY2015-16. Any significant delay in project completion will have an adverse impact on the debt servicing ability of the firm.

#### **Outlook: Stable**

SMERA believes ND 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 registers higher-than-expected cash flows from customer advances. The outlook may be revised to 'Negative' in case of deterioration in the firm's financial profile on account of delays in project execution, or in case the firm registers lower-than-expected cash flows from customer advances.

#### **About the firm**

ND, established on January 22, 2013, is a Surat-based partnership firm promoted by Mr. Girish Tulsiyani, Mr. Jagdish Tujlsiyani, Mr. Sunil Patel, Mr. Manish Patel, Mr. Vikas Patel, Mr. Ashok Patel, Mr. Vinod Patel, Mr. Jayesh Patel and Mrs. Shilpa Shukla.

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SMERA RATINGS LIMITED

# Narayan Developers

## (ND)

### Rating Rationale

ND undertakes real estate development. The firm is currently constructing a residential-cum-commercial complex (named 'Coral Heights') in Palanpore, Surat. The total built-up area of the project is 1.41 lakh sq. ft. The project cost is estimated at Rs.22.01 crore.

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