

Press Release

Teerth Developers and Suyojit Infrastructure Limited JV (TDSIL)

10 February, 2017

Rating Reaffirmed

Total Bank Facilities Rated*	Rs.10.00 Cr
Long Term Rating	SMERA B+/Stable (Reaffirmed)

**Refer Annexure for details*

Rating Rationale

SMERA has reaffirmed the long term rating of '**SMERA B+**' (**read as SMERA B plus**) on the Rs.10.00 crore bank facilities of Teerth Developers and Suyojit Infrastructure Limited JV (TDSIL). The outlook is '**Stable**'.

The rating continues to derive comfort from the experienced management and moderate stage of completion. These strengths are partially offset by the low customer advances and bookings and intense competition in the real estate sector.

The Pune-based real estate development company, TDSIL, established in 2008, is a joint venture between Teerth Developers and Suyojit Infrastructure.

List of key rating drivers and their detailed description

Strengths:

Experienced promoters: TDSIL was promoted by Teerth Developers and Suyojit Infrastructure - firms that have been into real estate development for over two decades.

Moderate stage of completion: The project, Aarohi-Phase 2 is at a moderate stage of completion with ~63.34 percent of the total project cost having been incurred. The project is expected to be completed by September 2017.

Weaknesses:

Low advances: TDSIL has received low advances of Rs.13.83 crore against sales proceeds of ~31.50 per cent as on 31 December, 2016.

Low bookings: The firm has received bookings for 28 flats (29.78 per cent) out of 94 for Aarohi - Phase 2 as on 31 December, 2016.

Intense competition: The real estate industry is highly fragmented with intense competition. The project is yet to obtain completion certificate.

Analytical approach: SMERA has considered the standalone financial and business risk profiles of the firm.

Applicable Criteria

- Application of Financial Ratios and Adjustments: <https://www.smerra.in/criteria-fin-ratios.htm>
- Default Recognition: <https://www.smerra.in/criteria-default.htm>

Outlook: Stable

SMERA believes that the company will maintain a stable outlook in the medium term owing to its experienced management. The outlook may be revised to 'Positive' if the company generates steady cash flows. Conversely, the outlook may be revised to 'Negative' in case of delay in completing the project or collections from bookings getting delayed, thereby creating pressure on liquidity.

About the Project

TDSIL has undertaken the construction of Aarohi – Phase 2, a residential project (94 flats, 2 twin bungalows and 6 commercial shops) at Sus, Pune, Maharashtra at a project cost of Rs.30.93 crore. The project is expected to be completed by September 2017.

About the Rated Entity

The Pune-based TDSIL, a real estate firm is a joint venture between Teerth Developers and Suyojit Infrastructure.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for the last three years:

Name of Instrument /Facilities	FY2017			FY2016		FY2015		FY2014	
	Scale	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Project Term Loan	LT	8.00	SMERA B+/Stable (Reaffirmed)	04 Jan, 2016	SMERA B+/Stable (Assigned)	-	-	-	-
Project Cash Credit	LT	2.00	SMERA B+/Stable (Reaffirmed)	04 Jan, 2016	SMERA B+/Stable (Assigned)	-	-	-	-

*Annexure – Details of instruments rated:

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/ Outlook
Project Term Loan	March, 2016	NA	October 2017	8.00	SMERA B+/Stable (Reaffirmed)
Project Cash Credit	NA	NA	NA	2.00	SMERA B+/Stable (Reaffirmed)

Note on complexity levels of the rated instrument: <https://www.smerra.in/criteria-complexity-levels.htm>

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ABOUT SMERA

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