

May 10, 2016

Facility	Amount (Rs. Crore)	Rating
Term Loan	36.10	SMERA B/Stable (Assigned)

SMERA has assigned rating of '**SMERA B (read as SMERA single B)**' to the above mentioned bank facility of Emerald Home Developers Private Limited (EHDPL). The outlook is '**Stable**'. The rating is constrained by the nascent stage of the project (only ~ 22 per cent construction work completed till April 2016) and exposure to intense competition in the real estate sector. The rating also factors in risks related to project sale ability amidst slowdown in the sector and geographical concentration risk. However, the rating is supported by the experienced management.

Outlook: Stable

SMERA believes EHDPL will maintain a stable business risk profile over the medium term owing to its experienced management. The outlook may be revised to 'Positive' if the company generates steady cash flows from timely receipt of customer advances. Conversely, the outlook may be revised to 'Negative' if the company faces liquidity pressure arising from delays in project execution and receipt of customer advances.

Rating Sensitivity Factor

- Timely completion of the project

About the Project

EHDPL is engaged in the development of Emerald Heights, a residential project on 6.3 acre land at Faridabad, Haryana. The project consist of four towers comprising two, three and four BHK apartments in an area of about 1250 sq ft to ~2400 sq ft. Around 22 per cent construction work of total saleable area of 6.08 lakh sq ft has been completed with the remaining expected to be finished by December 2018. The total project cost of Rs.123 crore will be funded by term loan of Rs.36.10 crore, promoters own fund of Rs.18.15 crore and remaining from customers 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.

About the Company

EHDPL, a Faridabad-based real estate company headed by Mr. Bharat Pal Singh and Mr. Piyush Sharma is developing a residential project, Emerald Heights at Faridabad, Haryana. The company has already received customer advances of Rs.8.28 crore (provisional) till March 31, 2016. The net worth stood at Rs.17.88 crore (provisional) till March 31, 2016 against Rs. 13.84 crore during the previous year. The company has interest bearing unsecured loans from promoters, friends and relatives worth Rs.14.86 crore in FY2015-16 that are subordinated to bank debt. SMERA has treated such unsecured loans as quasi-equity.

Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Suman M National Sales Head – Emerging Corporate Group Tel No: 022 67141151 Cell: 9892306888 Email: suman.m@smera.in	Parimal Thakker Associate Vice President – Corporate Ratings Tel: +91-011-4973 1312 Email: parimal.thakker@smera.in	Tel: +91-22-6714 1184 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.