

### Shreenath Builders: Assigned

Facility	Amount (Rs. Crore)	Rating/Outlook
Term Loan	20.00	SMERA BB/ Stable (Assigned)

SMERA has assigned rating of '**SMERA BB**' (read as SMERA double B) to the abovementioned bank facility of Shreenath Builders (SB). The outlook is '**Stable**'. The rating draws comfort from the firm's experienced management, moderate booking levels, advanced stage of project completion and low funding risk. However, the rating is constrained by the exposure to moderate customer advances. The rating notes that the firm is susceptible to cyclical and intense competition inherent in the real estate sector.

The Mumbai-based SB, a real estate firm established in 1986 is part of the Shreeji group. It has undertaken construction of Shreeji Harmony, a residential building in Mulund West, Mumbai. SB benefits from its experienced management. The partners have a decade of experience in the real estate sector. Moreover, the Shreeji Group has completed ~25 residential and commercial projects across the city.

The abovementioned project is at an advanced stage of completion with around 20 per cent of the construction work pending. The possession is expected to be given by June 2018. The estimated project cost is Rs.64.00 crore, likely to be funded through customer advances of Rs.28.70 crore, bank borrowings of Rs.20.00 crore and promoters' funds of Rs.15.30 crore. The funding risk is low since the project completion is dependent on promoter's funds.

The project has moderate booking levels with 38 units being booked as on date out of 60. The firm has received moderate customer advances of Rs.29.00 crore as against total expected sale proceeds of Rs.100.00 crore.

#### Rating Sensitivity Factors

- Completing the project on schedule
- Timely sale of units at envisaged price

#### Outlook: Stable

SMERA believes SB will maintain a stable outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' if 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 position on account of delays in project execution or collection of booking money.

#### About the Project

SB has undertaken a residential project in Mulund West, Mumbai, a 21 storied building on 84,500 sq. ft. of land with 60 dwelling units. The project consists of two, three and four BHK units (2BHK – 1,219 Sq. Ft., 3 BHK – 1,840 Sq. Ft. and 4 BHK – 3,052 Sq. Ft.). The total project cost is Rs.64.00 crore and the total sale proceeds expected is Rs.100.00 crore.

### About the Firm

The Mumbai-based SB, a real estate firm established in 1986 is part of the Shreeji group. Promoted by Mr. D. R. Sukhee, Mr. Anant Waman Tare and Mr. J.N. Shah, the firm is engaged in the development of residential as well as commercial projects. It has completed 25 projects in Mumbai.

The firm's net worth stood at Rs.6.42 crore as on March 31, 2016 (Provisional), as compared with Rs.0.33 crore a year earlier.

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