



Press Release

Olympeo Riverside Projects LLP

April 21, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs. 9.00 Cr.
Long Term Rating	SMERA BB / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA BB**' (read as **SMERA BB**) on the Rs. 9.00 crore bank facilities of Olympeo Riverside Projects LLP. The outlook is '**Stable**'.

Olympeo Riverside Projects LLP (ORP), established in 2014 is a Maharashtra-based limited liability partnership firm engaged in real estate development. The firm, promoted by Olympeo Infrastructure LLP and Praxis Business Venture LLP, is engaged in the development of residential projects in and around Mumbai. ORP is led by Mr. Mahinder Kukreti and Mr. Prabhat Ranjan.

Key Rating Drivers

Strengths

- **Experienced promoters**

The promoters, Mr. Mahinder Kukreti and Mr. Prabhat Ranjan have collective experience of around three decades in the development of residential projects.

- **Low funding risk**

The firm currently has a single project - Olympeo Riverside (Phase I), which is at an advanced stage of construction. The estimated project cost is Rs. 45.12 cr, to be funded through customer advances of Rs. 29.12 cr, bank borrowings of Rs. 9.00 cr and promoter's funds of Rs. 7.00 cr. As on 20/03/2017, the firm incurred cost of Rs. 27.50 cr, of which Rs. 7.00 cr was funded through a bank loan, Rs. 18.58 cr from customer advances and the rest through promoters fund.

- **Comfortable booking level**

Considering the advanced stage of construction, the firm received bookings for 192 units as on 20/03/2017 (out of total 280 units), which is ~ 69 per cent of the total bookings. The firm received advances of Rs. 18.58 cr against the units sold and further receivables of Rs. 16.53 cr on the sold units is expected to be received on transfer of possession to customers.

- **Advanced stage of project completion**

The project is at an advanced stage with only about 30 percent of the construction work pending. The possession is expected to be given by December, 2017.

Weaknesses

- **Moderate customer advances as against total sales proceeds expected**

The firm collected customer advances to the tune of Rs.18.58 cr against total expected proceeds of Rs. 35.11 cr on the sold units as on 20/03/2017. Hence customer advances received stood at only 53 percent of the total proceeds on the sold units.

- **Inherent cyclicity in the construction sector**

The real estate industry in India is highly fragmented with most of the real estate developers, having

a city-specific or region specific presence. The risks associated with the real estate industry - cyclical nature of business (drop in property prices), interest rate risk etc can affect the operations of the firm.

• **Stiff competition from existing and upcoming projects**

With Neral being one of the fast-developing residential localities, ORP faces stiff competition from several ongoing and upcoming residential projects in the area.

Analytical Approach

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

Outlook: Stable

SMERA believes that the firm will maintain a stable outlook in 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 liquidity position on account of delays in project execution or collection of booking money.

About the Project

The firm has undertaken development of an affordable housing project 'Olympeo Riverside' at Neral, Raigad District with total saleable area of 2.11 lakh square feet to construct 1BHK, 2BHK and 3BHK apartments (280 units). This is under a joint development agreement wherein land owners are expected to receive 28 units while builders will receive 252 units. The total project cost is Rs. 45.12 cr and the total sale proceeds expected is Rs. 54.74 cr.

About the Rated Entity - Key Financials

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	31-Mar-2019	9.00	SMERA BB / Stable

Contacts

Analytical	Rating Desk
Vinayak Nayak Head – Ratings Operations Tel: 022-67141190	Varsha Bist Sr. Executive Tel: 022-67141160

vinayak.nayak@smera.in Shashikala Hegde Analyst - Rating Operations Tel: 022-67141321 shashikala.hegde@smera.in	varsha.bist@smera.in
--	--

ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, D&B and leading public and private sector banks in India. SMERA is registered with SEBI, accredited by RBI as an External Credit Assessment Institution (ECAI), under BASEL-II norms for undertaking Bank Loan Ratings. SMERA Bond Ratings is a division of SMERA Ratings Limited responsible for ratings of bank facilities, and capital market/money market debt instruments such as Bonds, Debentures, Commercial Papers, Fixed Deposits, Certificate of Deposits etc.. For more details, please visit www.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.*
