

Press Release

RSN BALAJI REALTORS PRIVATE LIMITED

March 31, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 18.00 Cr.
Long Term Rating	SMERA B+ / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B+** (read as SMERA B plus) on the Rs. 18.00 crore bank facilities of RSN BALAJI REALTORS PRIVATE LIMITED. The outlook is '**Stable**'.

RSN Balaji Realtors Private Limited (RSN), is a Mumbai based company incorporated in 2008 by Mr. M. M. Jain and Mr. Kamlesh M Jain. The firm is engaged in development of residential projects. RSN is currently developing its residential project "Vaibhav Heights" at Vakola, Mumbai.

Key Rating Drivers

Strengths

- **Experienced Management**

RSN Balaji Realtors Private Limited (RSN) was incorporated in 2008 by Mr. M. M. Jain and Mr. Kamlesh M Jain. The directors of the company possess experience of around a decade in real estate industry.

- **Locational advantage gives visibility for booking**

Santacruz is a suburb in western Mumbai and is centrally located; and has close proximity to the old airport of Mumbai. It is centrally located with connectivity to South as well as North Mumbai and at a walkable distance from the national highway.

- **Advanced stage of construction**

The project had been started in June 2014 and is expected to be completed by December 2018. As on 31 March 2017, the firm has incurred cost of Rs. 27.18 crore, forming 75 percent of envisaged project cost.

Weaknesses

- **High dependence on customer advances for project funding**

The project Vaibhav Heights is divided in two wings. Out of total 51 saleable units, 15 units of Wing B have been booked till June 2017. Advances received on booked flats are of Rs. 10.27 crore.

- **Inherent cyclicity in 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. Real estate investments worldwide have been driven by one or several themes based on the economic growth. The risks associated with real estate industry are - cyclical nature of business (drop in property prices), interest rate risk etc. These include subdued demand, curtailed funding options, rising costs, restricted supply due to delays in approvals, etc, thereby, resulting in the stress on cash flows.

Analytical Approach

SMERA has considered standalone financial and business risk profile of the company to arrive at the rating

Outlook: Stable

SMERA believes RSN will maintain its business risk profile in the medium term on the back of experienced

management and established presence of the group in the real estate industry. 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 Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	0.03	0.00	0.00
EBITDA	Rs. Cr.	-0.14	-1.21	-0.57
PAT	Rs. Cr.	0.05	0.14	0.03
EBITDA Margin	(%)	-479.97	0.00	0.00
PAT Margin	(%)	168.97	0.00	0.00
ROCE	(%)	8.98	1.72	1.02
Total Debt/Tangible Net Worth	Times	1.68	1.55	265.62
PBDIT/Interest	Times	1.04	0.00	0.00
Total Debt/PBDIT	Times	7.14	42.01	173.59
Gross Current Assets (Days)	Days	332458	0	0

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

Not available

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	Not Applicable	12.50	SMERA B+ / Stable
Proposed Long Term Loan	Not Applicable	Not Applicable	Not Applicable	5.50	SMERA B+ / Stable

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