

## Press Release

### RSN BALAJI REALTORS PRIVATE LIMITED

March 31, 2018

### Rating Assigned



<b>Total Bank Facilities Rated*</b>	Rs. 18.00 Cr.
<b>Long Term Rating</b>	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

#### Contacts

Analytical	Rating Desk
Suman Chowdhury President - SMERA Bond Ratings	Varsha Bist Manager - Rating Desk

<p>Tel: 022-67141107 <a href="mailto:suman.chowdhury@smera.in">suman.chowdhury@smera.in</a></p> <p>Vishal Choudhary Senior Analyst - Rating Operations Tel: 022-67141159 <a href="mailto:vishal.choudhary@smera.in">vishal.choudhary@smera.in</a></p>	<p>Tel: 022-67141160 <a href="mailto:varsha.bist@smera.in">varsha.bist@smera.in</a></p>
---	---

### 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](http://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](http://www.smera.in)) for the latest information on any instrument rated by SMERA.*