



Rating Rationale

Shree Saintah Enterprises Construction and Developers Private Limited

Brickwork Ratings assigns “BWR BBB + (SO) (Outlook: Stable) for Bank Loan Facilities of Rs. 200 Cr of Shree Saintah Enterprises Construction and Developers Private Limited – Project Lodha Luxuria (Phase 3)

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating ^
Fund Based Term Loan Lodha Luxuria (Phase 3)	200.00	Long Term	BWR BBB+ (SO) (Pronounced as BWR A Triple B Plus Structured Obligation) (Outlook – Stable)
Total	200.00	Rs. 200 Crores (Rupees Two Hundred Crores Only)	

^ Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Outstanding Rating Reaffirmed

Facility Rated	Amount Outstanding (Rs. Crs)	Previous Amount (Rs. Crs)	Tenure	Rating ^
Fund Based Term Loan Lodha Luxuria (Phase 1B and 2)	73.53	219.00	Long Term	BWR A- (Pronounced as BWR A Minus) (Outlook – Stable) Reaffirmed
Total	73.53	219.00	Rs. 73.53 Crores (Rupees Seventy Three Crores and Fifty Three Lakhs Only)	

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating factors, *inter alia*, the Lodha group’s financial and managerial support for the “**Lodha Luxuria**” project being executed by the company, group’s project selling ability and group’s dominance in residential real estate segment in Mumbai. The rating also factors in the successful completion of Phase 1A, 1B and Phase 2 and good response of the customers towards the project.



The rating is, however, constrained by the nascent stage of the project, Lodha group's relatively high leverage, and the increasing supply situation in the residential market surrounding the city of Mumbai, which could have an impact on the sales velocity of the group.

The suffix 'SO' (Structured Obligation) attached to the rating indicates that the rating only reflects the risks associated with the specific project, viz., Phase 3 being executed by the company. BWR has also taken note that Lodha group's flagship company Lodha Developers Pvt Ltd has extended corporate guarantee for the loan.

Analytical Approach

Shree Sainath Enterprises Construction and Developers Pvt Ltd (SSEC) is a 100% subsidiary of Lodha Developers Private Limited, flagship company of Lodha group. . Hence in addition to the standalone performance of SSEC, the consolidated performance of Lodha Developers Pvt Ltd (LDPL), the flagship company, is also taken into consideration while assigning the rating.

Key Rating Drivers

Lodha Group's track record: The group has delivered more than 42mn sq.ft of saleable area upto March 2017. The group has total developable area of ~482mn sq.ft in Mumbai Metropolitan Region. Diversified range of product offering from Luxury, high end, aspirational and affordable. The group has sizeable additional land reserves with potentially large saleable area.

Nascent Stage of the Project: The rated project, viz., Phase 3 Lodha Luxuria, has received key approvals in March 2017, and excavation work has just started. The project is expected to be completed only by December 2021, and hence carries normal execution and marketing risk.

Vulnerability of cash flows on account of Cyclical nature of the Industry: Cyclical nature of the industry coupled with subdued demand puts pressure on sales realizations and consequently the cash flows.

Rating Outlook: Stable

BWR believes the **Shree Saintah Enterprises Construction and Developers Private Limited** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the project implementation picks up pace and is better than the time-lines indicated. The rating outlook maybe revised to 'Negative' if the implementation is slower and there is potential cost and time over-run.

About the Company

Shree Sainath Enterprises Construction & Developers Pvt. Ltd (SSEC) incorporated in November 2013 is a 100% subsidiary of the Lodha Developers Pvt Limited. SSEC is executing a residential-cum-commercial project by name 'Lodha Luxuria' located in Majiwada, Thane. The project being developed in 3 phases with Phase 1 and Phase 2 completed. Company now intends



to construct Phase 3. BWR has a current outstanding rating of BWR A-; Outlook: Stable, for the bank loan facilities amounting to Rs. 250 Cr. The said loan was availed for Phase 1 B and 2 of Lodha Luxuria, and the current outstanding amount of Rs. 73. 53 Crs is due for redemption in about a month's time.

Project Details : Lodha Luxuria – Phase 3

Phase-3, consist of three residential towers (27 floors each) of which one tower is of mix use between residential and office spaces. The total cost of the project is Rs. 432.70 Cr to be funded through debt of Rs. 200 Cr, equity of Rs. 80 Cr and customer advances amounting to Rs. 152.70 Cr. The total saleable area for the project is 541706 sq.ft consisting of residential area of 4,90,122 sq.ft and commercial area of 51,584 sq.ft. The development of phase 3 has started from January 2017 onwards and expected possession is December 2021. Currently about 18% of the cost has been incurred.

Financial Performance

As per provisional financials for FY17 the company has reported total operating income of Rs. 233.04 Cr and PAT of Rs. 18.29 Cr against Total operating income of Rs. 160.67 Cr and PAT of Rs. 5.07 Cr in FY16.

Key Financial

Result Type	31-Mar-16	31-Mar-17
Particulars (Rs in Crs)	Audited	Provisional
Total Operating Income	160.67	233.04
PAT	5.79	12.66
Tangible Net Worth	5.07	18.29

Lodha Developers Private Limited

Established in 1980, the Lodha Group is a major real estate developer in Mumbai Metropolitan Region (MNR) with focus on developing residential and office spaces. Lodha Developers Private Limited is the flagship company of the Group and was incorporated in 1995. The group has delivered more than 29 mn sq.ft of saleable area till 2016. The group has the largest share of the Mumbai real estate market at 13.2%. The group has total developable Area of ~481mn sq.ft in Mumbai Metropolitan Region. They have 28 ongoing and 21 planned projects with a saleable area of ~49mnsq.ft and ~56mn sq. respectively. The group has additional land reserves of 4,568 acres with potentially 377 mn sq.ft of saleable area

Financial Performance

As per the consolidated Provisional Financials for FY17, the Company has reported total operating income of Rs. 8007.97 Cr and profit after tax (PAT) of Rs. 605.8 Cr against total operating income of Rs. 8326.49 Cr and PAT of Rs. 699 Cr in FY16. The Group follows percentage completion method for recognizing revenues.



Rating History for the last three years

Sr.No	Instrument/Facility	Current Rating			Rating History		
		Type	Amt (Rs in Cr)	Rating	October 2016	July 2014	June 2014
1	FB- Term Loan	LT	200	BWR BBB+ (SO) Outlook: Stable Assigned	NA	NA	NA
2	FB- Term Loan	LT	73.53* (Originally Rated 250 Crs ,reduced to 219 crs)	BWR A - Outlook: Stable (Reaffirm ed)	BWR A- Outlook: Stable	BWR BBB+ Outlook: Stable	BWR BBB+ Outlook: Stable
Total			419.00	(Rupees Four Hundred Nineteen Crores only)			

*Outstanding

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)

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Note on complexity levels of the rated instrument:



BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

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BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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