Rating Rationale

Brickwork Ratings Reaffirms 'BWR B' for Bank Loan Facilities aggregating ₹ 12.50 Cr of M/s Sree Constructions

Brickwork Ratings has reaffirmed **Rating**[1] for Bank loan facilities of M/s Sree Constructions **('The Firm').**

Facility	Previous Limits (₹ Cr)	Present Limits (₹ Cr)	Tenure	Review Rating	Rating History
Fund Based Limits					
Cash Credit	12.50	**12.50**	**Long Term**	**BWR B** **Outlook: Stable (Reaffirmation)**	BWR B (Outlook: Stable) Nov 2014
Total	12.50	**12.50**	**INR Twelve Crores and Fifty Lakhs only**		

BWR has principally relied upon the audited results upto FY15, projected financials of FY16 Public available information and information/clarifications provided by the firm's management.

The rating assigned derives its strengths from the experience of the promoters in construction business, completion of the ongoing project and flats are ready to occupy and ~17.20% of Flats has been sold till date. However, the ratings are constrained by low capital base leading to high gearing ratio, attract the customers for selling the flats.

Background

M/s Sree constructions was established in the year 2010 as a partnership concern located at Vijayawada, Andhra Pradesh. The firm's commercial operations started during FY12. Firm is in to construction of residential apartments through joint venture agreements with land lords.
The Managing Partner Mr. Chalasani Sridhar is a diploma in mechanical engineering and has one decade of experience in the industry. The other partner Ms. Gali Radha Bhagya Lakshmi (NRI) is an engineer and has done a course in interior designing. Both the partners are actively involved in day to day operations of the Firm.

Ongoing - Project

The firm has one ongoing project of a joint venture development with landlords namely "KAR's Sree Brindhavanam" at Vijayawada. The project is to construct 85 3 BHK Residential Flats. As per the joint venture agreement the firm will receive 46.5 Flats and the land lords will receive 38.5 Flats. As on date project is completed except finishing works such as compound walls, lift works etc.

[1] ***Please refer to www.brickworkratings.com for definition of the Ratings***

Financial Performance
As per audited financials of FY15, net revenue from operations is at Rs. 0.09 crores. Tangible net worth reported at Rs. 0.64 crores and high gearing level reported on accout of low capital base.

As per the confirmation received from the firm's management, firm had already sold 8 flats during Sep 2015 to Jan, 2016 and received ~4.24 Crores against the sale of flats. Over and above, three sale agreements executed and advance received is Rs. 0.45 Crores

Rating Outlook
The outlook of the firm for the next one year is expected to be stable. The ability of the firm to improve capital structure & scale of operations, selling the flats by attracting customers will remain key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	**Media Contact**
1-860-425-2742	media@brickworkratings.com