

Press Release**Shiv Sabari Developers****December 04, 2019****Rating**

Sr. No.	Instrument/Facility	Amount (INR Crore)	Rating Assigned
1	Long Term Loan (Fund based)	170.00	IVR BBB-/ Stable Outlook; (IVR Triple B Minus with Stable Outlook)
Total		170.00	

Details of facilities are in Annexure 1**Rating Rationale**

The rating derives strength from experienced promoters, long track record of projects completed in past, strategic location of the project and requisite approvals being in place. The rating however is constrained by stage of construction & implementation of remaining portion of project within estimated cost & timeline and nature of real estate industry being subjected to regulations.

Key Rating Sensitivities:

- **Upward Rating Factor** - Completion of project within estimated cost and timely sale of flats for adequate cash flow generation may lead to a positive rating action.
- **Downward Rating Factor** - Inadequate and untimely cash flows to the Escrow account to meet the debt obligations for the projects and any change in the regulatory requirement & risk associated with the real estate industry may lead to a negative rating action.

Detailed Description of Key Rating Drivers**Key Rating Strengths*****Experienced Promoters***

All the Partners are highly experienced & lend their expertise into the business by giving guidelines for better project execution.

The promoters have developed more than 16 Lac sq. ft. area in the past in Mumbai.

The Combined Net Worth of all the Partners totals to around INR 240.43 Crore.

Long track record of projects completed in past

The major projects developed by various partners in different enterprises in the past are Sabari Ashville (2.50 Lac sq.ft., Chembur in 2018), Satyam Springs (2.00 Lac sq.ft., Chembur in 2016), Synergy Business Park (1.50 Lac sq.ft., Goregaon in 2015), Sabari Aashiana (1.00 Lac sq.ft., Deonar in 2008) and various others.

Strategic location of the project with all necessary approvals

Shiv Sabari Developers (SSD) is developing two projects viz; Sabari Gardens Tower 1- Residential Project and Sabari Park-Commercial Project. Both the projects are situated at Sion Trombay Road, diagonally opposite R.K. Studio, Chembur which is well-connected to all 3 suburbs of Mumbai – Western, Central & Harbour. Chembur has a mix of residential as well as commercial projects. This project is close to the Eastern Express Highway and the Sion-Panvel Highway. The Eastern Freeway connecting Chembur to South Mumbai, and the elevated road that connects to western Mumbai are other important routes. The international airport is around ten kilometres away from Chembur. Also it is less than 100 meters from the upcoming Metro Station & enjoys immediate connectivity to major residential lifestyle and commercial hubs not just with MMR, BKC and South Mumbai but also the entire Navi Mumbai Region.

Requisite approvals in place

The projects have all the necessary approvals in place and have been registered with the Maharashtra Real Estate Regulatory Authority.

Key Rating Weaknesses

Stage of construction & implementation of remaining portion of Project within estimated cost & timeline

As at September 30, 2019, Project Sabari Park is 76% complete and Project Sabari Garden is 3% complete as certified by C.A., dated October 22, 2019. For Sabari Park, 69.72% of the cost has been incurred & 41% of the Project has been sold. For Sabari Gardens, 27.12% of the cost has been incurred & 31% of the Project has been sold. Thus, completion of remaining portion of Project within estimated cost & timeline is a key rating sensitivity.

Nature of real estate industry subject to regulations

The real estate sector is volatile in nature with an inherent liquidity risk associated to it. There may be fluctuations in cash flows due to delayed realization & changes in regulatory requirements. The central law RERA provided the basic framework of consumer protection in real estate transactions: raising disclosure requirements of builders, bridging existing information asymmetry between buyers and builders, and ring-fencing the money paid upfront by buyers.

Analytical Approach & Applicable Criteria:

- Standalone
- Rating Methodology for Real Estate entities
- Financial Ratios & Interpretation (Non-Financial Sector)

Liquidity

The Firm's sales are expected to rise with an increase in the number of sold flats. The Firm maintains moderate cash and bank balance to meet its liquidity requirements, thus indicating Adequate liquidity position of the Firm in meeting its debt obligations.

About the Firm

Shiv Sabari Developers (SSD) is a partnership firm established in 2006, having its office at Deonar, Chembur in Mumbai, is a part of Sabari Group. Sabari Group is having over two decades of experience in the Real Estate industry and the group has executed close to 22 projects since inception with most of the projects being in Chembur.

Financials (Standalone)

For the year ended / As on	INR in Crore	
	31-Mar-18 (A)	31-Mar-19 (A)
Total Operating Income	1.99	1.73
PAT	0.91	0.83
Total Debt	84.44	84.42
Tangible Net Worth	85.29	98.66
PAT Margin (%)	44.31	43.00
Overall Gearing ratio (x)	0.99	0.86

* Classification as per Infomerics' standards

Details of Non Co-operation with any other CRA: N.A.

Any other information: N.A.

Rating History for last three years:

Name of Instrument/ Facility	Current Rating (Year: 2019-20)			Rating History for the past 3 years		
	Type	Amount outstanding (INR Crore)	Rating	Rating assigned in 2018-19	Rating assigned in 2017-18	Rating assigned in 2016-17
Fund Based Facilities	Term Loan	170.00	IVR BBB-/ Stable Outlook	--	--	--
	Total	170.00				

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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Annexure 1: Details of Facilities

Sr. No.	Name of Facility	Date of Issuance	Coupon Rate/IRR	Maturity Date	Size of Facility (INR Crore)	Rating Assigned/ Outlook
1	Fund Based Term Loan	--	14.00%	Sep-2021 & Jan-2023	170.00	IVR BBB-/ Stable Outlook
Total					170.00	