

Press Release

Krrish Shalimar Projects Private Limited (KSPPL)

21 July, 2017



Rating Downgraded

Total Bank Facilities Rated*	Rs. 120.00 Cr
Long Term Rating	SMERA D (Downgraded from SMERA BB-/Stable)

*Refer Annexure for details

Rating Rationale

SMERA has downgraded the long term rating assigned to the Rs. 120.00 crore bank facilities of Krrish Shalimar Projects Private Limited (KSPPL) to **SMERA D (read as SMERA D)** from **SMERA BB- (read as SMERA Double B minus)**.

KSPPL was incorporated in 2010. The company, promoted by Shalimar Corp Limited (SCL), Mr. Rajesh Katyal and Mr. Amit Katyal is developing an ultra-luxury residential project at Faridabad, Haryana.

The rating downgrade reflects delays in debt servicing on account of significant cost overruns, project completion and lower than expected offtake from the ongoing project.

List of Key Rating Drivers and their detailed description

Strengths:

Experienced promoters: The promoters of the group possess extensive experience in the industry. SCL has a track-record of over two decades in real estate and hospitality sectors while the Krrish Group has interests in the hospitality and liquor industries.

Weaknesses:

Delay in servicing debt obligations: The rating reflects delays in servicing of debt obligations by KSPPL. The company has been facing challenges in liquidating its inventory on account of a general slowdown in the real estate sector coupled with significant delays in the project. Consequently, the company reported a significant shortfall in its operating cash flows (mainly from advances), operating expenses and debt servicing commitments.

Analytical approach: SMERA has considered the standalone business and financial risk profile of the company.

Applicable Criteria

- Application of Financial Ratios and Adjustments: <https://www.smera.in/criteria-fin-ratios.htm>
- Default Recognition:-<https://www.smera.in/criteria-default.htm>

About the Rated Entity – Key Financials

The company reported Profit After Tax (PAT) of Rs. 0.21 crore in FY2016 on operating income of Rs. 52.74 crore against net loss of Rs. 0.52 crore in FY2015 on operating income of Rs. 126.24 crore.

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

Any other information: NA

Rating History for the last three years:

Name of Instruments	FY2018 (Current)			FY2017		FY2016		FY2015	
	Scale	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Term Loan	LT	120.00	SMERA D (Downgraded from SMERA BB-/Stable)	-	-	16 Mar, 2016	SMERA BB-/Stable (Reaffirmed)	03 Mar, 2015	SMERA BB-/Stable (Assigned)
Proposed Term Loan	LT	-	-	-	-	16 Mar, 2016	SMERA BB-/Stable (Reaffirmed)	03 Mar, 2015	SMERA BB-/Stable (Assigned)

***Annexure - Details of instruments rated:**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term Loan	N.A	N.A	N.A	120.00	SMERA D (Downgraded from SMERA BB-/Stable)

Note on complexity levels of the rated instrument:
<https://www.smera.in/criteria-complexity-levels.htm>
Contacts:

Analytical	Rating Desk
Vinayak Nayak, Head – Ratings Operations, Tel: 022-67141190 Email: vinayak.nayak@smera.in	Varsha Bist Manager Tel: 022-67141160 Email: varsha.bist@smera.in
Arindam Som, Rating Analyst, Tel: 011-49731321 Email: arindam.som@smera.in	

ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, Dun & Bradstreet Information Services India Private Limited (D&B) and leading public and private sector banks in India. SMERA is registered with SEBI as a Credit Rating Agency and accredited by Reserve Bank of India. For more details, please visit www.smerra.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.smerra.in) for the latest information on any instrument rated by SMERA.