

May 05, 2015

Facility	Amount (Rs. Crore)	Rating
Cash Credit	12.00	SMERA B-/Stable (Assigned)

SMERA has assigned a rating of '**SMERA B-**' (read as **SMERA single B minus**) to the Rs.12.00 crore long-term bank facility of Maruthi Constructions (MC). The outlook is '**Stable**'. The rating is constrained by the firm's exposure to project execution risk. The rating is also constrained by the firm's low net worth. However, the rating draws comfort from the firm's experienced management.

MC, established in 2012, is a Bangalore-based partnership firm engaged in construction and leasing of commercial space. MC is undertaking construction of a commercial building in Bangalore. The total cost of the project is ~Rs.28.00 crore, which will be entirely funded through promoters' funds. The firm is exposed to project execution risk as a significant portion (~40 per cent) of the construction work is pending. MC expects to complete the project by October 2015.

MC plans to undertake construction of two properties in Chinnapanahalli and Murugeshpalya. The project cost is estimated at ~Rs.38.00 crore, which is likely to be funded through promoters' funds. The firm's net worth is low at Rs.0.05 crore as on March 31, 2014. SMERA believes MC's financial profile may deteriorate in case of delays in project execution.

MC benefits from its experienced management. Mr. G. J. Vijay Kumar, managing partner of MC, has around two decades of experience in the real estate sector.

Outlook: Stable

SMERA believes MC will maintain a stable business risk profile over the medium term. The firm will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the firm generates healthy cash flows from operations while completing the ongoing projects within the budgeted time and cost. The outlook may be revised to 'Negative' in case of stretch in the firm's liquidity position on account of delays in project execution.

About the firm

MC, established in 2012, is a Bangalore-based partnership firm promoted by Mr. G. J. Vijaykumar and Mrs. Sudha Vijaykumar. MC is engaged in construction and leasing of commercial space. The firm is undertaking development of a commercial building in Bangalore.

Contact List:

Media / Business Development	Analytical Contacts	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 9820802479 Email: antony.jose@smera.in	Jyoti Punjabi Associate Vice President – Corporate Ratings Tel: +91-22-6714 1107 Email: jyoti.punjabi@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

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) for the latest information on any instrument rated by SMERA.