



SMERA RATINGS LIMITED

Rajhans Infratech Private Limited

(RIPL)

Rating
RationaleJune 08, 2015

Facility	Amount (Rs. Crore)	Rating
Term Loan	30.00	SMERA B-/ Stable (Assigned)

SMERA has assigned rating of '**SMERA B-**'(read as **SMERA B minus**) to the Rs. 30.00 crore long-term (fund based) bank facility of Rajhans Infratech Private Limited (RIPL). The outlook is '**Stable**'. The rating is constrained by the company's exposure to project-specific risks inherent in the ongoing residential township project. The rating is also constrained by the company's exposure to intense competition in the real estate sector which is currently undergoing a slowdown. However, the ratings are supported by the company's experienced management.

RIPL, incorporated in 1987, is a Delhi-based real estate development company is a sister concern of Express Tower Private Limited. RIPL is engaged in the development of a four acre township named Rajhans Residency comprising 800 apartments in Greater Noida, Uttar Pradesh. The company is exposed to project implementation risk given the nascent stage of construction (~10 per cent of project completed till May 2015) and project funding risk considering the low customer advances. SMERA believes that the company may face significant project saleability risk amidst the current slowdown in the real estate sector. Besides, intense competition from several ongoing residential projects (including Gaurson group, Ansal Group and Puri Constructions) in Greater Noida is yet another reality. Additionally, any delay in the implementation of the project could lead to subdued interest from potential customers and lower-than-expected cash flows from customer advances.

RIPL benefits from its experienced management. The directors of the company have more than three decades of experience in the real estate sector.

Outlook: Stable

SMERA believes RIPL will maintain a stable business risk profile over the medium term on the back of its experienced management. The outlook may be revised to 'Positive' in case the company implements the project according to the scheduled timeline and generates steady cash flows from customer advances. The outlook may be revised to 'Negative' in case of delays in project execution and collection of customer advances, or in case of deterioration in the company's financial risk profile and liquidity position.

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About the Company

RIPL, a Delhi-based real estate company headed by Mr. RC Goel and Mrs. Neelam Goel is currently developing a residential project, Rajhans Residency on a four acre land at Greater Noida, Uttar Pradesh. The company received customer advances of Rs.4.67 crore upto 31st March, 2015 on the project. The company's net worth stood at Rs.11.82 crore (provisional) as on March 31, 2015.

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