

Rajhans Infratech Private Limited: Downgraded

Facility	Amount (Rs. Crore)	Rating/Outlook
Term Loan	30.00	SMERA C (Downgraded from SMERA B-/Stable)

SMERA has downgraded the long-term rating on the abovementioned bank facility of Rajhans Infratech Private Limited (RIPL) to **'SMERA C' (read as SMERA C)** from 'SMERA B-' (read as SMERA B minus).

The rating downgrade reflects the company's stretched liquidity profile and 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 rating is supported by the experienced management.

Update

The firm is developing a residential project, Rajhans Residency at Greater Noida with total saleable area of 10.31 lakh sq.ft. So far around 22 percent work has been completed. The project is expected to be completed by June 2020. In FY2015-16 (provisional), RIPL received customer advances of Rs.4.52 crore. The company is exposed to intense market competition and slowdown in the real estate market resulting in lower bookings. Further, the company's stretched liquidity profile has resulted in time delay in servicing of term debt obligation towards Greater Noida Development Authority (GNIDA).

However, the company benefits from an experienced management. Mr. Ramesh Kumar, Director, has more than three decades of experience in the real estate sector.

Rating Sensitivity Factors

- Timely completion of the ongoing residential project
- Debt funded capital expansion

About the Company

RIPL, a Delhi-based real estate company headed by Mr. RC Goel and Mrs. Neelam Goel is developing a residential project, Rajhans Residency on a four acre land at Greater Noida, Uttar Pradesh. The company has received advances of Rs.4.52 crore in FY2015-16. The net worth stands at around Rs.-0.51 crore (provisional) in FY2015-16 compared to Rs.1.07 crore during the previous year.

Rating History

Date	Facility	Amount	Rating		Outlook
		(Rs. Crore)	Long Term	Short Term	
08 June, 2015	Term Loan	30.00	SMERA B- (Assigned)	-	Stable

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