

August 14, 2015

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	75.00	SMERA BB/Stable (Assigned)

SMERA has assigned a long-term rating (fund based) of **SMERA BB (read as SMERA double B)** to the Rs.75.00 crore bank facility of Curo India Private Limited (CIPL). The outlook is '**Stable**'. The rating is supported by the company's long track record, experienced management and comfortable occupancy levels of its Curo High Street Mall at Jalandhar with lease rentals expected to stabilize by September 2015. The rating also takes into account the debt service reserve account (DSRA) maintained by the company which provides cushion for timely debt servicing. The rating is however constrained by the company's exposure to intense competition in the real estate sector along with risks related to timely stabilization of commercial operations at its Flamez Mall in Ludhiana. The rating also factors in risks associated with geographic concentration of the company's operations.

Outlook: Stable

SMERA believes CIPL will maintain a stable business risk profile over the medium term on the back of the healthy booking levels registered for Curo High Street Mall. Moreover, the company will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the company generates steady cash flows from timely receipt of rentals from its Ludhiana and Jalandhar malls. Conversely, the outlook may be revised to 'Negative' in case the company faces liquidity pressures arising from delays in operations or significant debt capex plans.

Rating Sensitivity Factors

- Inordinate delays in stabilization of cash flows from the Jalandhar and Ludhiana malls
- Significant debt funded capex plans
- Timeliness of external support, if required, in the short term to service its debt obligations.

About the Company

CIPL, established in 1987 by Mr Pawan Garg, is in the business of real estate development. The company, formerly known as Dynamic Continental Private Limited acted as an exclusive retail partner for General Motors in Northern India. CIPL already owns two operational malls - CuroFlamez in Ludhiana spread across 1.36 lakh sq ft area and Curo High Street spread over five acres of land in Jalandhar. CIPL is currently developing an integrated township project near

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Barnala, Punjab with a total saleable area of 2.24 lakh sq.ft. The project is in an advanced stage of completion and is scheduled to be completed in the second half of the current calendar year.

CIPL reported profit after tax (PAT) of Rs.0.83 crore on operating income of Rs.21.90 crore for FY2014-15, as compared with PAT of Rs.0.60 crore on operating income of Rs.21.81 crore in FY2013-14. The net worth stood at Rs.33.41 crore as on March 31, 2015, as against Rs.32.58 crore a year earlier.

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