



SMERA RATINGS LIMITED

Hare Krishna Orchid (HKO)

*Rating
Rationale*

February 22, 2016

Facility	Amount (Rs. Crore)	Rating
Term Loan	15.00	SMERA BB-/Stable (Assigned)

SMERA has assigned rating of '**SMERA BB-' (read as SMERA double B minus)** to the above mentioned bank facility of Hare Krishna Orchid (HKO). The outlook is '**Stable**'. The rating draws comfort from the firm's experienced management (several projects successfully executed in the past) and locational advantage of the project (close proximity to the famous ISCON Temple in Vrindavan, Mathura). The rating also draws comfort from the low funding risk and healthy cash flows from comfortable bookings and advances. However, the rating is constrained by project execution risk and saleability of the un-booked units. Besides, the rating also notes that the firm is susceptible to the inherent cyclicity and intense competition in the real estate sector.

Outlook: Stable

SMERA believes HKO will maintain a stable business risk profile over the medium term owing to the experience of the management. The outlook may be revised to 'Positive' if the firm generates steady cash flows from operations driven by timely receipt of customer advances. However, the outlook may be revised to 'Negative' in case of stretch in the firm's liquidity position on account of delays in project execution or slowdown in bookings.

Rating Sensitivity Factors

- Timely completion of the project
- Booking of the unsold units

About the Firm

HKO is a Delhi-based real estate firm established in 2008 by Express Towers Private Limited and RNG Trading Co. Private Limited. Promoted by Mr. RC Goel and Mrs. Neelam Goel, the firm is engaged in the development of residential and commercial property.

About the Project

HKO has undertaken the construction of Hare Krishna Orchid Block B (Phase I, II and III) – a residential project in Mathura, Uttar Pradesh at an estimated cost of Rs.67.70 crore. The project, launched in January 2014, has completed around 50 percent of the construction work already and registered bookings for 188 units out of the total 720 envisaged.

While Phase I of the project is expected to be completed by December 2016, work on Phase II and III is estimated to get over by December 2020.

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