

May 04, 2016

Facility	Amount (Rs. Crore)	Rating
Term Loan	40.00	SMERA B+/Stable (Assigned)

SMERA has assigned rating of '**SMERA B+**' (read as **SMERA B plus**) on the above mentioned bank facility of K V Developers Private Limited (KVDPL). The outlook is '**Stable**'. The rating is constrained by the nascent stage of the project (only ~43 per cent construction work completed till February 2016) and intense competition in the real estate sector. Further, the rating also factors in risks related to project salability amidst slowdown in the real estate sector and geographical concentration risk. However, the rating is supported by the company's experienced management.

Outlook: Stable

SMERA believes KVDPL will maintain a stable business risk profile in the medium term owing to the experience of the management. The outlook may be revised to 'Positive' if the company generates steady cash flows as per anticipated customer advances from bookings. Conversely, the outlook may be revised to 'Negative' in case of delay in project execution or in collections from bookings, creating pressure on liquidity.

Rating Sensitivity Factor

- Timely completion of the project
- Customer advances

About the project

KVDPL is undertaking construction of a residential building named 'KVD Wind Park, in Greater Noida, Uttar Pradesh. The proposed saleable area of 11,37,652 sq. ft. will have 912 apartments. The total cost of the projects is ~Rs.287.01 crore, which is likely to be funded through promoter's fund of Rs.45.57 crore, Chanel partners of Rs.17.99 crore, term loan of Rs.40.00 crore and customer advances of Rs.183.45 crore. KVD has received all the requisite approvals for the project. The construction work started in February 2014 and is likely to be completed by December 2017. The company has already received customer advances of Rs.51.62 crore (provisional) till February 2016, the company's net worth stood at Rs. 27.62 crore as on March 31, 2015.

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About the Company

KVDPL, established in 2012, is a Delhi-based real estate company engaged in the development of residential property. Promoted by Mr. Aman Agarwal, Mr. Sudhanshu Agarwal and Mr. Himanshu Agarwal, the company is developing a residential project - KVD Wind Park on an area of 11, 37,652 sq. ft. in Greater Noida West, Uttar Pradesh.

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