

**V. K. Developers: Assigned**

Facility	Amount (Rs Crore)	Rating/Outlook
Term Loan	8.00	SMERA B/Stable (Assigned)

SMERA has assigned rating of '**SMERA B' (read as SMERA B)** to the above mentioned bank facility of V. K. Developers (VKD). The outlook is '**Stable**'. The rating derives comfort from the experienced management. However, the rating is constrained by project execution risk, moderate customer interest and dependence on customer advances.

VKD is a Gujarat-based partnership firm engaged in real estate development. The firm benefits from its experienced management. The partners, Mr. Kalpesh Patel and Mr. Vimal have around a decade's experience in the real estate industry. Additionally, Mr. Kalpesh Patel has developed eight real estate (residential and commercial) projects at Surat including Centre Point Surat, 21st Century Business Centre among others.

VKD is currently developing Sikhin Heights, a residential project at Surat comprising two towers of 88 apartments. The total project cost is Rs.16.44 crore out of which Rs.8.00 crore is funded by a term loan of Rs.6.00 crore through partner's capital and the remaining Rs.2.45 crore through customer advances. The total saleable area is 117,480 square feet. As on July, 2016, the firm incurred Rs.5.95 crore on construction and Rs.0.88 crore, was generated through customer advances.

Around 40 per cent work was completed as on July 2016. The expected project completion date is June 2017. As on July 2016, the number of units booked were 22 signifying moderately low customer interest in the project.

**Rating Sensitivity Factors**

- Receipt of customer advances
- Timely completion of project

**Outlook-Stable**

SMERA believes that VKD will maintain a stable outlook in the medium term owing to the extensive experience of the management and credit profile. The outlook may be revised to 'Positive' in case the firm receives higher than expected customer advances. Conversely, the outlook may be revised to 'Negative' in case of inordinate project delays or lower than expected customer advances.

**About the Firm**

V K Developers is a Special Purpose Vehicle (SPV) established in 2015 for developing 'Sikhin Heights', a real estate project at Surat. The firm is promoted by partners, Mr. Kalpesh Patel and Mr. Vimal.

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