

Kukreja Infrastructures: Assigned

Facility	Amount (Rs. Crore)	Rating/Outlook
Term Loan	19.00	SMERA BB-/ Stable (Assigned)

SMERA has assigned rating of '**SMERA BB-**' (read as **SMERA double B minus**) to the abovementioned bank facility of Kukreja Infrastructures (KI). The outlook is '**Stable**'. The rating is supported by the promoter's substantial experience in real estate, advanced stage of project completion and high booking levels. The rating also factors in the low funding risk and high saleability of past projects of the group. However, the rating is constrained by the moderate customer advances and market competition.

The Nagpur-based KI, a real estate firm established in 2012 has undertaken construction of Kukreja Suncity, a residential building in Dixit Nagar, Nagpur. The firm benefits from its experienced management. The partners Mr. Virendra Kukreja and Mr. Shravan Kukreja possess decade's experience in the real estate sector. The abovementioned project is at an advanced stage of completion with around 20 per cent of the construction work pending as on June 30, 2016. The possession is expected to be given by September 2017. The project has healthy booking levels with 89 units being booked as on date out of 94.

The estimated project cost is Rs.39.60 crore, likely to be funded through customer advances of Rs.6.95 crore, bank borrowings of Rs.19.00 crore and promoters' funds of Rs.13.65 crore. The funding risk is low since the project completion is dependent on promoter's funds. Moreover, the group has completed around six residential and commercial projects in the city.

However, the firm has received moderate customer advances of Rs.7.28 crore as against total expected sale proceeds of ~Rs.52.00 crore. Besides, the firm also faces intense market competition from other projects in the area.

Rating Sensitivity Factors

- Completing the project as per schedule
- Mobilisation of customer advances

Outlook: Stable

SMERA believes KI will maintain a stable outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' if the firm generates steady cash flows from customer advances. Conversely, 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 collection of booking money.

About the Project

KI has undertaken construction of a seven storied residential building, Kukreja Suncity, in Nagpur consisting of two and three BHK units with three wings and 94 units. The total saleable area is 169,978 sq.ft. The total project cost is Rs.39.60 crore and the total sale proceeds expected is ~Rs.52.00 crore.

About the Firm

KI, established in 2012 by Mr. Virendra Kukreja and Mr. Shravan Kukreja undertakes construction of residential projects in Nagpur, Maharashtra. The net worth stood at Rs.6.76 crore as on March 31, 2016 (Provisional), as compared with Rs.1.37 crore a year earlier.

Contacts:

Analytical	Business Development
Mr. Mohit Jain Vice President – Ratings Operations, Tel: +91-22-6714 1105 Cell: 9619911017 Email: mohit.jain@smera.in	Mr. Suman M Vice President – Business Development, Corporate Ratings Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: suman.m@smera.in

ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, Dun & Bradstreet Information Services India Private Limited (D&B) and leading public and private sector banks in India. SMERA is registered with SEBI as a Credit Rating Agency and accredited by Reserve Bank of India. For more details, please visit www.smera.in.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.