

## Kukreja Infrastructures (KI)

### 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.

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