

Press Release

N. K. Realtors (NKR)

19 January, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs.13.25 Cr
Long Term Rating	SMERA B/Stable (Assigned)

**Refer Annexure for details*

Rating Rationale

SMERA has assigned a long term rating of '**SMERA B' (read as SMERA B)** on the above mentioned Rs.13.25 crore bank facility of N. K. Realtors (NKR). The outlook is '**Stable**'.

The Mumbai-based N. K. Realtors, incorporated in 2014 is a partnership firm promoted by Mr. Hitesh D. Majethia and Mr. Nitin H. Thakkar.

List of key rating drivers and their detailed description

Strengths:

Experienced management: The promoter, Mr. Nitin Thakkar, has more than a decades experience in developing and running hotels.

Weaknesses:

High project implementation and off take risk: The project is still in the nascent stage with the firm having incurred ~Rs.4.50 crore out of the total Rs.20.24 crore as on December 2016. The construction is expected to be completed by March 2018 leading to significant risk of time and cost overrun.

Intense competition: Being a popular tourist destination, Khandala has several established hotels and resorts resulting in intense competition for hotel Valley Vista Grand and pressure on cash flows.

Analytical approach: SMERA has considered standalone business and financial risk profiles of the firm.

Applicable Criteria

- Application of Financial Ratios and Adjustments: <https://www.smera.in/criteria-fin-ratios.htm>
- Default Recognition: <https://www.smera.in/criteria-default.htm>

Outlook: Stable

SMERA believes that the outlook on NKR's rated facility will remain stable over the medium term. The outlook may be revised to 'Positive' in case the firm generates healthy cash flows from operations. Conversely, the outlook may be revised to 'Negative' in case of failure in generating cash flows due to intense competition in the region.

About the Project

The upcoming 66-room hotel, 'Valley Vista Grand', at Khandala is being constructed in an area admeasuring 30704.054 sq. ft at an estimated cost of Rs.20.24 crore to be funded through a term loan of Rs.13.25 crore and promoter's contribution of Rs.6.99 crore. Construction began in April 2015 and the expected date of completion is March 2018. Commercial operations are expected to begin from April 2018. The hotel is expected to have deluxe, standard suites, two restaurants and a banquet hall with seating capacity for 400 people.

About the Firm

The Mumbai-based N. K. Realtors, incorporated in 2014 is a partnership firm promoted by Mr. Hitesh D. Majethia and Mr. Nitin H. Thakkar. The firm is engaged in the development and running of hotels. The construction of hotel, Valley Vista Grand is underway at Khandala.

Status of non-cooperation with previous CRA (if applicable): Not Applicable

Any other information: Not Applicable

Rating History for the last three years:

Name of Instrument /Facilities	2017			2016		2015	
	Scale	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating
Term loan	LT	13.25	SMERA B/Stable (Assigned)	-	-	-	-

*Annexure – Details of instruments rated:

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/ Outlook
Term loan	N.A	N.A	June 2028	13.25	SMERA B/Stable (Assigned)

Note on complexity levels of the rated instrument:

<https://www.smera.in/criteria-complexity-levels.htm>

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ABOUT SMERA

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