

Press Release

18 May, 2017

Manjeera Projects

Rating Assigned

Total Bank Facilities Rated *	Rs. 20.00 Cr.
Long Term Rating	SMERA D

**Refer Annexure for details*

SMERA has assigned long-term rating of '**SMERA D' (read as SMERA D)** on the Rs. 20.00 crore bank facilities of Manjeera Projects.

Manjeera Projects (MP), established in 2006 is a partnership firm engaged in real estate development. The firm is promoted by Mr. G. Yoganand, Manjeera Estates Private Limited and Gajjala Investments & Holdings Private Limited as partners. MP is the developer of the residential project named Manjeera Diamond Towers in Gopanpally, Hyderabad.

Key Rating Drivers

Strengths

- **Experienced Promoter**

The promoter of the firm Mr. Gajjala Yoganand has extensive experience of around three decades in the real estate sector. Further, the firm is part of the Manjeera Group of companies, a reputed player in Hyderabad real estate market and has completed more than 6 million sq. ft. of space.

Weaknesses

- **Delays in debt servicing**

There are ongoing delays of more than 60 days in servicing of debt obligation on account of mismatch of cash flows.

- **Inherent cyclicity in construction Sector**

The real estate industry in India is highly fragmented with most of the real estate developers, having a city-specific or region specific presence. The risks associated with real estate industry are - cyclical nature of business (drop in property prices), interest rate risk etc. can affect the operations of the firm.

- **Stiff competition from ongoing and new projects in the vicinity**

Gopanpally is a fast growing suburb located on the Kanchi - Gachibowli Road in Hyderabad. MP faces competition from several ongoing and up-coming residential projects due to the presence of the financial hub of Gachibowli in the vicinity.

Analytical Approach

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

About the Project

MP is currently developing one residential project named 'Manjeera Diamond Towers' in Gopanpally, Hyderabad with total saleable area of 1.45 million sq. ft. to construct 2BHK and 3BHK apartments divided in 12 blocks (1020 units). MP has completed construction activity of the 12 blocks and final finishing and common area works are currently in progress. The total project of the two blocks i.e. B & C (180 units), amenities block and club house stood at Rs. 27.13 crore.

About the Rated Entity - Key Financials

For FY2015-16, MP reported profit after Tax (PAT) of Rs. 0.67 crore on operating income of Rs. 25.50 crore as against PAT of Rs. 0.65 crore on operating income of Rs. 42.60 in the previous year.

Status of non-cooperation with previous CRA (if applicable)

ICRA, vide release dated June 7, 2016 has suspended its ratings on account of lack of adequate information required for monitoring of ratings.

Any other information

Not Applicable

Applicable Criteria

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

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings
Term Loan	Not Applicable	Not Applicable	31-May-2018	20.00	SMERA D

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ABOUT SMERA

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