



MSR Infraa

Instrument	Amount (Rs. Crore*)	Rating Action
Term Loan	20.00	[ICRA]B / reaffirmed

ICRA has reaffirmed the long term rating of [ICRA]B (pronounced ICRA B) assigned to the Rs.20 crore term loan limits of MSR Infraa (erstwhile RR Constructions).

The rating continues to positively factor in the long standing experience of the promoters of more than 15 years in the real estate industry and the favorable location of the entity's only ongoing project, R.R. Signature, which is in close proximity to various IT companies and educational institutions. The rating is, however, constrained on account of execution risk as this project is first ever high rise development by the firm and the size of the project is significantly larger than the past projects executed by the firm. The rating factors in the funding risk associated with the project as significant portion of the project cost is expected to be met through customer advances, which will be contingent upon the firm's ability to sell the remaining space as well as maintain healthy collection efficiency. MSR's high debt level has resulted in a stretched capital structure as reflected by a gearing of 8.62x as on 30th September, 2014. Besides, the rating also takes into account the risks inherent in partnership nature of the firm, inter alia, the limited ability to raise capital and the exposure to personal liabilities of the partners. ICRA also takes note of significant competition in the region from various other established real estate developers.

Going forward, ability of the company to achieve healthy booking levels, maintain high collection efficiency and execute its ongoing project in a timely manner would be the key rating sensitivities.

Entity Profile

MSR Infraa was founded in the year 1996 by Mrs. M. Sunitha as a proprietorship firm. The firm was reconstituted as a partnership firm in September, 2013 with Mrs. M Sunitha and Mr. M Sanjeeva Raju as partners. The entity is engaged in the business of real estate development and has completed many residential projects in Nellore and Bangalore since its inception. They are currently developing a residential apartment project, "R.R. Signature" at Hegde Nagar – Thanisandra Road, Bangalore. The project will consist of 2 blocks of 14 floors each excluding two basements and ground floor for parking, with a total of 248 2-BHK and 3-BHK apartments. The total project cost is Rs.133 crore which is to be funded through bank loans to the tune of Rs.20 crore, Rs.35 crore through promoter contribution and balance Rs.78 crore through customer advances.

Recent Results

The entity reported net profit of Rs.0.96 crore on operating income of Rs.4.58 crore for FY 2014 as compared to a net profit of Rs.0.93 crore on operating income of Rs.7.64 crore for FY 2013.

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* 100 lakhs = 1 crore = 10 millions



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