



Press Release

Karan Kothari Business Park Private Limited

March 10, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Instruments/Facilities	55.00	IVR BB+/Stable (IVR Double B plus with stable outlook)	-	Assigned	<u>Simple</u>
Total	55.00 (Rupees Fifty-Five Crore only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has assigned its ratings to the Bank facilities of Karan Kothari Business Park Private Limited (KKBPL). The ratings derive comfort from experienced promoters, location of the project and comfortable coverage ratio. However, these rating strengths remain constrained by implementation risk associated with the project, saleability risk and susceptibility to cyclicalities inherent in real estate sector.

The outlook is stable in view of strong financial profile of the promoters.

Key Rating Sensitivities:

Upward Factors

- Substantially higher than anticipated cash inflows,
- Timely receipt of OC and healthy bookings as envisaged



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Downward Factors

- Significant delay in completion of project resulting in cost overrun.
- Low cash flow from operations (because of subdued response to, or delay in completion of, projects) weakening the financial risk profile, particularly liquidity

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced Promoters

Mr. Karan Narendra Kothari and Mr. Nitin Mahesh Kothari have extensive experience with the strong background across multiple industries. Mr. Karan Kothari brings a decade of expertise in business, specializing in jewellery, real estate, construction, marketing, and IT. Mr. Nitin Kothari has led successful projects in real estate, warehouse management, and construction, including building and leasing warehouses in Nagpur and selling industrial plots in Chinchbhuvan. Their combined experience and industry knowledge drive the growth and success of their ventures. The Kothari family has been traditionally engaged in jewellery business from two generations.

The group has taken up a new project through its SPV KKBPL for setting up a textile business park comprising 124 industrial units having area of at 598435.99 sq feet.

Location of the project

The site is located in Nagpur city and offers good connectivity, being close to the Uppalwadi Bus Stop and Automotive Square Metro Station. It offers dual access points, easy transport links via the Inner Ring Road, and improvements like an 18m road with streetlights and footpaths. A new flyover and planned metro station nearby will further enhance accessibility, while the Outer Ring Road will improve connections to Nagpur and surrounding areas.



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Comfortable Coverage Ratio

The project currently under development is being financed through a mix of debt, promoter funds and customers advances. The company's cash flow coverage ratio is comfortable, suggesting that it will have adequate cash flow to meet its debt obligations. As per the sanction letter, debt repayment of quarterly instalments will commence from 31st December 2026, providing financial flexibility till then.

Key Rating Weaknesses

Implementation risk associated with the project

KKBPL has proposed to develop a project called "Karan Kothari Business Park Shopping Village," with a total built-up area of 26,178.350 sq. m. on Plot No. 1 and 29,418.174 sq. m. on Plot No. 2. The total estimated project cost is Rs. 113.81 crore, which will be funded through a promoter contribution of Rs. 47.43 crore, along with a term loan of Rs. 55.00 crore from Union Bank of India. The timely completion of the project within the planned budget will be crucial for monitoring the company's credit profile. However, the project is ahead of schedule, with 80% of the work completed on 3 of the 6 wings and 50% completed on the remaining 3 wings. The units will be sold after obtaining the occupancy certificate.

Saleability risk

Currently, no units have been sold, and the achievability of the sale of units is to be seen. However, the promoters are not relying on customer advances for construction. The sale of the units will be launched once the Occupancy Certificate (OC) is obtained.

Susceptibility to cyclicality inherent in the real estate sector

The real estate sector in India is cyclical, influenced by fluctuating prices, unclear transactions, and a highly fragmented market. The demand for residential developments is closely linked to interest rates and the overall economic conditions in the area. As a result, the business risk profile is vulnerable to risks stemming from a slowdown in the industry.



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Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Real Estate Entities](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

KKBPL has adequate liquidity for funding the construction of its ongoing project through a mix of promoter funds and bank loans. Although cash flow from the project is expected to be sufficient to meet debt obligations.

About the Company

KKBPL, a Nagpur-based company, was established in 2020. The promoters of the company are Mr. Chandra Suresh Kothari, Mr. Karan Narendra Kothari, and Mr. Nitin Mahesh Kothari. The promoters also have established business in jewellery and warehousing industry in Nagpur. KKBPL has proposed the development of a project named "Karan Kothari Business Park Shopping Village" (Textile Park) at Uppalwadi, Kampee road, Nagpur. The project envisaged development of 26,178.350 sq. m. on Plot No. 1 and 29,418.174 sq. m. on Plot No. 2. comprising 124 industrial units. The estimated cost for this project is Rs 113. 81 crore. The project offers amenities like scooter parking- carpet area, car parking- carpet area, loading/unloading bay- Carpet area, and Washrooms- Built-up area.



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Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	0.08	0.00
EBITDA	0.01	0.00
PAT	0.01	0.00
Total Debt	30.66	39.45
Tangible Net Worth	0.11	32.75
EBITDA Margin (%)	11.80	-
PAT Margin (%)	8.70	37.87
Overall Gearing Ratio (x)	283.72	1.20
Interest Coverage (x)	-	-

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-2023	Date(s) & Rating(s) assigned in 2021-22
					Date	Date	Date
					Rating	Rating	Rating
1)	Term Loan	Long-Term	55.00	IVR BB+/Stable (IVR Double B plus with Stable outlook)	-	-	-



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Analytical Contacts:

Name: Jyotsna Gadgil

Tel: (020) 29913006

Email: jyotsnagadgil@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Limits – Term Loan		-	-	September 2029	55.00	IVR BB+/Stable (IVR Double B plus with stable outlook)

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-KaranKothari-mar25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.