

March 26, 2015

Facility	Amount (Rs. Crore)	Rating
Term Loan	10.00	SMERA B+/Stable (Assigned)

SMERA has assigned a rating of '**SMERA B+**' (read as SMERA single B plus) to the Rs.10.00 crore fund based bank facility of Mangalam Infracon (Gujarat) Private Limited (MIPL). The outlook is '**Stable**'. The rating is constrained by implementation risk inherent in the company's ongoing project. The rating is also constrained by the company's exposure to intense competition in the real estate sector, which is currently undergoing a slowdown. However, the rating is supported by the company's experienced management. The rating also draws comfort from the moderate booking levels in the company's ongoing project.

MIPL, incorporated in 2010, is an Ahmedabad-based real estate company engaged in developing residential and commercial projects. MIPL is currently developing a residential complex (named Mangalam Nirvana II) in Ahmedabad. The complex comprises six blocks with a total of 92 apartments (2BHK and 3BHK apartments). MIPL is exposed to project implementation risk as ~70 per cent of the construction work is completed as on date. MIPL faces intense competition from several players in the real estate market. The company is susceptible to the current slowdown in the real estate sector.

MIPL benefits from its experienced management. Mr. Navin Patel, director of MIPL, has around two decades of experience in the real estate sector. MIPL has registered bookings for 51 apartments at an average rate of Rs.4, 000-4,500 per square feet. The company has received customer advances of Rs.8.40 crore as on December 31, 2014.

Outlook: Stable

SMERA believes MIPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the company completes its ongoing project according to the scheduled timeline while generating steady cash flows from customer advances. The outlook may be revised to 'Negative' in case of delays in project execution and collection of customer advances, or in case of deterioration in the company's financial risk profile and liquidity position.

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About the company

MIPL, incorporated in 2010, is an Ahmedabad-based real estate company promoted by Mr. Navin M. Patel, Mr. Sanjay M. Patel, Mr. Gangaram Patel and Mr. Baldevbhai Patel.

For FY2013-14, MIPL reported profit after tax of Rs.0.11 crore on total income of Rs.4.90 crore, as compared with profit after tax of Rs.0.10 crore on total income of Rs.4.08 crore in FY2012-13. The company's net worth stood at Rs.0.82 crore as on March 31, 2014, as compared with Rs.0.71 crore a year earlier.

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