

### Advaita Homes: Reaffirmed

Facility	Amount (Rs. Crore)	Rating/Outlook
Term Loan (Proposed)	19.50	SMERA B/Stable (Reaffirmed)

SMERA has reaffirmed the long term rating of **SMERA B (read as SMERA B)** assigned to the Rs.19.50 crore proposed fund based facility of Advaita Homes (AH). The outlook is **‘Stable’**.

The rating continues to be constrained by the firm’s exposure to project risk with regard to its ongoing project in Chennai and high degree of competition in the real estate industry. However, the rating is supported by the experienced management and the partners’ track record of capital infusion in the firm.

#### Update

The firm’s latest project, Advaita Blossom received only Rs.0.82 crore of advances and 9.75 per cent of the saleable area has been booked upto 31st August, 2016 – despite 35% of the total construction being completed. The rating factors in the high degree of project specific risks especially funding and offtake. The rating also notes that the debt servicing ability of the firm can be severely affected by adverse sanction terms. Besides, the rating takes into account the exposure to offtake risk as a result of the intense competition in the real estate industry in Chennai.

The ratings are, however, supported by over three decades of experience of the management. The partners of the firm include Mr. B. Masthan Rao, Mr. B.V. Manjula and Mr. B. Manoj. The network of the firm stood at Rs.6.43 crore on 31st March, 2016. Further, the partners have infused funds in the form of unsecured loans aggregating Rs.4.03 crore as on 31 March, 2016. Consequently, the gearing of the firm improved from 1.69 times as on 31st March, 2015 to 0.70 times as on 31st March, 2016.

#### Rating Sensitivity Factors

- Lower than expected advances from customers
- Delays in project completion
- Increase in project cost due to project delay

#### Outlook: Stable

SMERA believes that AH will continue to maintain a stable outlook in the medium term on account of its experienced management and financial support from partners. The outlook may be revised to ‘Positive’ in case of improvement in the overall bookings and advances received by the firm. Conversely, the outlook may be revised to ‘Negative’ in case of substantial delays in project completion and increase in project costs.

#### About the Project

AH is constructing a residential project of 188 units named Advaita Blossom at Kelambakkam, Chennai. The total saleable area of the project is 1,90,714 square feet out of which 18,596 square feet has been booked upto 31st August, 2016.

### About the Firm

AH, established in 2011 is the real-estate arm of the BMR Group. The group has already completed three projects in Chennai and is currently constructing a residential project at Kelambakkam, Chennai.

The firm reported Profit After Tax (PAT) of Rs.0.10 crore in FY2016 on an operating income of Rs.1.33 crore against PAT of Rs.0.10 crore on operating income of Rs.1.29 crore in FY2015.

### Rating History

Date	Facility	Amount (Rs. Crore)	Rating	Outlook
11 August, 2015	Term Loan	19.50	SMERA B (Assigned)	Stable

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