



SMERA RATINGS LIMITED

October 09, 2015

Facility	Amount (Rs. Crore)	Rating
Term Loan	8.35	SMERA BB-/Stable (Assigned)

SMERA has assigned a rating of '**SMERA BB-**' (read as **SMERA double B minus**) to the above mentioned bank facility of Bhagyalaxmi. The outlook is '**Stable**'. The rating draws comfort from the firm's experienced management and advanced stage of completion of the project. The rating also draws comfort from the low funding risk and moderate cash flows from comfortable bookings and advances. However, the rating is constrained by risks associated with the execution of the ongoing project and saleability of the un-booked units. The rating notes that the firm is susceptible to the intense competition in the real estate sector.

### Outlook: Stable

SMERA believes that the firm will maintain its business risk profile in the medium term on the back of comfortable booking levels. The outlook may be revised to 'Positive' if the company generates steady cash flows as per anticipated customer advances from the bookings. Conversely, the outlook may be revised to 'Negative' in case of delay in executing the project or collections thereby creating pressure on liquidity.

### Rating Sensitivity Factors

- Timely completion of the project
- Timely sale of units at envisaged price

### About the Firm

Bhagyalaxmi is a Surat-based partnership firm established in 2013 by Mr. Bhukhubhai Patel, Ms. Salina Momin, Mr. Trushar Patel and Mr. Himanshu Patel. The firm develops residential projects.

### About the Project

The 'Bhagyalaxmi Residency' project, the firm's first venture consists of six low rise residential buildings comprising 394 flats with a total built-up area of 1,59,827.79 sq. ft. and total saleable area of 2,31,000 sq. ft. on a plot of land admeasuring 6824.19 sq. mtr. The project launched in November 2013 and the expected completion date is March, 2016.

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