

### B. U. Bhandari Vaastu: Assigned

Facilities	Amount (Rs. Crore)	Rating/Outlook
Cash Credit	5.00	SMERA B/Stable (Assigned)
Term Loan	15.00	SMERA B/Stable (Assigned)

SMERA has assigned long term rating of '**SMERA B' (read as SMERA B)** to the Rs.20.00 crore bank facilities of B. U. Bhandari Vaastu (BUBV). The outlook is '**Stable**'.

The rating is constrained by the nascent stage of construction, high dependence on customer advances, slowdown in the realty sector and moderate debt servicing capacity of the firm. However, the rating derives comfort from the experienced and qualified management and brand name of the group, B U Bhandari.

BUBV, a real estate firm is in the process of developing a residential project at Pune. The rating is constrained by the nascent stage of construction. As per the projected cash flows, around 46 per cent of inflows are expected through customer advances. The firm has moderate debt servicing capabilities as per the projected cash flows for the next three years.

However, the partners of the firm, Mr. Rajnish M Bhandari and Mr. Anuj M Bhandari have an established track record in the realty sector. The group, B U Bhandari is well known in Pune with over 25 projects in and around the city.

#### Rating Sensitivity Factors

- Timely receipt of customer advances
- Timely completion of the project

#### Outlook-Stable

SMERA believes that the firm will maintain a stable outlook over the medium term owing to the extensive experience of the management in the realty sector. The outlook may be revised to 'Positive' in case the firm receives higher than expected customer advances. Conversely, the outlook may be revised to 'Negative' in case of inordinate project delays or lower than expected customer advances.

#### About the Firm

BUBV is a Special Purpose Vehicle of the B U Bhandari group. Incorporated in 1989, the firm is currently developing a 2BHK residential project with two showrooms and eight shops under the name 'Vaastu Viva' at Wakad, Pune. The partners, Mr. Rajnish M Bhandari and Mr. Anuj M Bhandari have already infused capital of Rs.2.40 crore as on March 31, 2016. The credit facilities have already been sanctioned.

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