

Buland Housing Private Limited: Assigned

Facilities	Amount (Rs. Crore)	Ratings/Outlook
Term Loan – I	10.00	SMERA BB+/Stable (Assigned)
Term Loan – II	10.00	SMERA BB+/Stable (Assigned)
Inland Bank Guarantee	1.50	SMERA A4+ (Assigned)

SMERA has assigned a long term and a short term rating of **SMERA BB+ (read as SMERA double B plus)** and **SMERA A4+ (read as SMERA A four plus)** respectively to the above bank facilities of Buland Housing Private Limited (BHPL). The outlook is '**Stable**'.

The ratings draw support from the experienced management, healthy liquidity profile and low project implementation and financing risk. However, the ratings are constrained by the geographical concentration risk, exposure to offtake risk and risks associated with the real estate sector.

BHPL has an experienced management. Mr. P.L. Shama has over two decades of experience in the real estate business in Agra. BHPL reported a healthy cash and bank balance of Rs.13.11 crore as on 31 March, 2016 (Provisional) resulting in a favourable liquidity risk profile. SMERA also notes that the promoters have infused own funds of Rs.19.12 crore upto 31 March, 2016 (Provisional) that includes Rs.7.54 crore of unsecured loan subordinated to bank debt and treated as quasi equity.

The company is able to generate healthy cash flows due to the completed project – Buland Valley. BHPL is expected to receive Rs.7.00 crore from this project. Around 95 per cent work on the second project, Buland City, has been completed and hence it is not exposed to significant implementation risk. The ratings are also supported by the healthy advances received by the company. About 86 per cent of the saleable area has been booked. The healthy bookings reported by the company largely mitigate the offtake risk associated with the project.

The ratings are, however, constrained by the offtake risk associated with the new project, Buland Vatika, started by the company. While 50 per cent of the construction has been completed, only 16 per cent of the saleable area has been booked. Furthermore, the ratings are also constrained by the geographical concentration of the company's projects at Agra. The company is exposed to risk associated with the ongoing slowdown in the real estate sector.

Outlook: Stable

SMERA believes that BHPL will maintain a Stable outlook on account of its healthy liquidity position and low degree of project risk. The outlook may be revised to 'Positive' in case of higher than expected inflow of advances and timely completion of the project. Conversely, the outlook may be revised to 'Negative' in case of delays in project completion and high degree of cost escalation.

Rating Sensitivity Factors

- Advances received from customers
- Delays in project completion
- Increase in project cost due to unforeseen circumstances

About the Company

BHPL was incorporated in 2006 by Mr. Phundi Lal Sharma and Ms. Kamla Sharma. The company is engaged in development of residential projects in Agra. The company is developing two projects 'Buland City' and 'Buland Vatika' at Agra.

About the Projects

Buland Valley

BHPL has completed 'Buland Valley' a residential project at Agra with 2 and 3 BHK units and received 100% bookings till date. The total saleable area is 1,12,209.36 square feet.

Buland City

Buland City, yet another residential project in Agra comprises 2 and 3 BHK units and duplexes with a total of 228 units. The saleable area is 2,92,405 square feet and around 85% of the construction has been completed as on 31 March, 2016.

Buland Vatika

Buland Vatika comprises 157 residential 2 & 3 BHK units. 16% of the total saleable area for the project has been booked and approximately 50% of the construction has been completed. It has a total saleable area of 2,20,597 square feet.

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ABOUT SMERA

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