

Press Release

Hamilton Land Developers Private Limited

10 April, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 20.00 Cr.
Long Term Rating	SMERA BBB- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA BBB-**' (read as **SMERA BBB minus**) on the Rs. 20.00 crore bank facilities of Hamilton Land Developers Private Limited. The outlook is '**Stable**'.

Hamilton Land Developers Private Limited (HLDPL), is a Jalandhar (Punjab) based firm incorporated in 2005 by Mr. Rakesh Sabharwal and Mr. Sharad Aggarwal. The firm is engaged in development of residential projects. HLDPL is currently developing its residential project "Hamilton Mayfair Residential" at Jalandhar.

Key Rating Drivers

Strengths

- **Experienced Promoters**

The directors of the company Mr. Sharad Aggrawal and Mr. Rakesh Kumar Sabharwal possess experience of around a decade in real estate industry and well established presence in Jalandhar, Punjab and have completed around 10 projects.

- **Moderate stage of project completion**

The company is developing a residential project "Hamilton Mayfair Residential" spread over 419,240 sqft located at Jalandhar, Punjab to be executed in two phases. Presently, Phase One is under construction. The company plans to construct 219 residential units at a total project cost of Rs. 74.80 crore of which Rs. 42.38 (56.65 percent) has been incurred as on 31 December, 2017.

- **Low funding risk**

The total cost of the project (Hamilton Mayfair Residency - Phase I) is Rs. 74.80 crore. Out of total funding requirement of Rs. 74.80 crore promoters infused Rs. 7.17 crore against their portion of Rs. 5.00 crore. Also company has sanctioned term loan of Rs. 40.00 crore of which Rs. 13.00 crore is disbursed as on date and out of required customer advances of Rs. 29.80 crore company has already received Rs. 23.34 as on 31 Dec 2017.

- **Comfortable booking levels**

Out of the total 219 units, the company has received bookings for 183 (~84% of total units) with the remaining expected to be booked over the near to medium term.

Weaknesses

- **Inherent cyclicity in the construction sector**

The real estate industry in India is highly fragmented with most of the real estate developers, having a city-specific or region specific presence. The risks associated with real estate industry are cyclical nature of business (drop in property prices), interest rate risk etc.

Analytical Approach

SMERA has considered standalone financial and business risk profile of the company to arrive at the rating

Outlook: Stable

SMERA believes HLDPL will maintain its business risk profile in the medium term on the back of experienced management and established presence of the group in the real estate industry. The outlook may be revised to 'Positive' if the firm generates steady cash flows from customer advances. Conversely, the outlook may be revised to 'Negative' in case of stretch in the firm's liquidity position on account of delays in project execution or collection of booking money.

About the Project

Hamilton Mayfair Residency, located at Jalandhar, Punjab has a total area of 419,240 square feet. The total saleable area of the project is 419,240 square feet. Presently, the company has launched Phase - I on Nov 2015 at a cost of Rs. 74.80 crore. The construction of the project was started on April 2016 and expected completion date is June 2020. Further, phase - I has 4 towers of 14 floors each and total number of flats are 219 (2BHK, 3BHK, 4BHK and Penthouse) and out of which 183 flats are already booked. Moreover the company has received customer advances of Rs.23.34 crore as on Dec 2017 (around 32 percent of total project cost).

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	9.32	7.24	5.59
EBITDA	Rs. Cr.	1.39	0.89	1.19
PAT	Rs. Cr.	0.33	0.99	0.08
EBITDA Margin	(%)	14.89	12.32	21.35
PAT Margin	(%)	3.51	13.67	1.41
ROCE	(%)	4.36	3.03	12.75
Total Debt/Tangible Net Worth	Times	6.08	5.23	5.45
PBDIT/Interest	Times	1.84	6.11	1.15
Total Debt/PBDIT	Times	18.32	25.62	12.20
Gross Current Assets (Days)	Days	2241	2378	2070

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

Not Available

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	20.00	SMERA BBB- / Stable

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ABOUT SMERA

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