

## Press Release

Hamilton Land Developers Private Limited

April 05, 2023



## Rating Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	20.00	ACUITE BB   Stable   Upgraded	-
Total Outstanding Quantum (Rs. Cr)	20.00	-	-

## Rating Rationale

Acuite has upgraded the long-term rating to '**ACUITE BB**' (read as **ACUITE Double B**) from '**ACUITE B**' (read as **ACUITE B**) on the Rs. 20.00 crore bank facilities of Hamilton Land Developers Private Limited (HLDPL). The outlook is '**Stable**'.

## Rationale for Upgrade

The upgrade in rating takes into account the experience of the company in executing residential projects and the expected inflows from the under construction project "Hamilton Mayfair Residency" to support debt servicing ability of the company. However rating is constrained on account of delays in commencement of the project and sluggish pace of the project. Going forward, timely completion of project and the offtake of units will remain key rating monitorables going forward.

## About the Company

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 the development of residential projects. HLDPL is currently developing its residential project "Hamilton Mayfair Residential" at Jalandhar.

## Analytical Approach

The team has considered the standalone financials of Hamilton Land Developers Private Limited to arrive at the rating.

## Key Rating Drivers

### Strengths

#### Experienced Promoters

The directors of the company Mr. Sharad Aggarwal 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.

### Project Overview

Company has an under construction project by the name of "Hamilton Mayfair Residency". Project's construction has started in August 2016 and is expected to be completed by

December 2024. Project has total land area of 2,98,821.00 Sq Ft. with total saleable area of 5,00,800.00 Sq. Ft. having 323 units. Up till December 2022 company has sold 2,63,700 Sq. Ft. and 189 units. Total construction cost of the project is Rs. 141.80 Cr out of which company has incurred Rs. 76.13 Cr up till December 2022. Company has done collections of Rs. 25.42 Cr up till December 2022.

## Weaknesses

### Inherent cyclicality 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.

## Rating Sensitivities

- Pace of project.
- Offtake and booking of units.

## Material covenants

None.

## Liquidity Position

### Adequate

Company has adequate liquidity position. Company has taken external loan of Rs. 20.00 Cr for the project which the company will be able to pay in a comfortable manner from the cash flows generated from the project.

## Outlook: Stable

Acuite 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.

## Other Factors affecting Rating

None.

## Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	35.94	7.91
PAT	Rs. Cr.	3.51	0.40
PAT Margin	(%)	9.75	5.03
Total Debt/Tangible Net Worth	Times	5.31	9.17
PBDIT/Interest	Times	2.34	1.09

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

Not Applicable.

## Any other information

None.

## Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Real Estate Entities: <https://www.acuite.in/view-rating-criteria-63.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite' s categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

### Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
08 Apr 2022	Term Loan	Long Term	20.00	ACUITE B ( Issuer not co-operating*)
07 Sep 2020	Term Loan	Long Term	20.00	ACUITE B (Issuer not co-operating*)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Union Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	20.00	ACUITE BB   Stable   Upgraded

## Contacts

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### About Acuité Ratings & Research

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