



**Press Release**  
**LAL GEBI INFRA PRIVATE LIMITED**  
**October 18, 2024**  
**Rating Assigned**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	130.00	ACUITE BB+   Stable   Assigned	-
Total Outstanding Quantum (Rs. Cr)	130.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has assigned its long-term rating of ‘**ACUITE BB+**’ (read as **ACUITE double B plus**) on the Rs. 130 Cr. bank loan facilities of Lal Gebi Infra Private Limited (LGIPL). The outlook is ‘**Stable**’.

**Rationale for rating assigned**

The rating assigned considers the long-standing experience and established track record of Gami Group for more than two decades in real estate business. The group has completed 27 projects with more than 3.30 million sq. ft. of area in residential and commercial spaces in Navi Mumbai. Further, rating also draws comfort from the locational advantage of the company's current project, ‘Gami Bianca’ located at Dronagiri, Navi Mumbai, near the upcoming D. B. Patil International Airport. However, the rating is constrained by significant project execution risk for the Gami Bianca project which is at its nascent stage of construction. Further, financial closure is not yet completed implying funding risk for the project. Also, ~6 percent of the project has been sold exposing the project to demand risk. The rating also factors in the risk associated towards inherent cyclicity in the real estate industry, regulatory risk and intense competition from other large players.

**About the Company**

Incorporated in 2020, Lal Gebi Infra Private Limited (LGIPL) a Gami Group company engaged in real estate business. Over the years the group has executed various real estate projects primarily in Navi Mumbai. The directors of the company are Mr. Ambalal Gami and Mrs. Urmila Gami.

**Unsupported Rating**

Not applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profile of Lal Gebi Infra Private Limited to arrive at the rating.

**Key Rating Drivers**

**Strengths**

**Experienced management and established track record of operations.**

Incorporated in 2020, Lal Gebi Infra Private Limited (LGIPL) a Gami Group company engaged in real estate business. Over the years the group has executed various real estate projects primarily in Navi Mumbai. The group is currently promoted by Mr. Ambalal Bhanji Gami having an experience of more than two decades in the real estate business. Gami group has sold over 25 lakhs sq. ft of saleable area spread over 27 completed projects. LGIPL currently owns a total of 6 land parcels, wherein two projects have been completed, one project is under construction, and three projects are in pipeline.

Acuite believes that established track record of the group will help the company to grow its operations.

**Favourable locations of residential projects.**

LGIPL has completed two projects i.e. Gami Jade and Gami Terra wherein ~95 percent of the total saleable area has been sold. Further, another project i.e. Gami Bianca is under construction wherein ~6 percent of total saleable area has been sold. Furthermore, three projects are in pipeline. Further, the location of all the projects has an attractive catchment area due to presence of premium residential development nearby. The good connectivity and attractive catchment area will likely lead to healthy sales for its projects in the medium and long term.

## **Weaknesses**

### **High funding, demand and execution risk**

The funding risk for the project stands high, as the financial closure for the project is yet to be completed. The ongoing project 'Gami Bianca' has the total saleable area of 4,91,210 sq. ft, of which 6 percent inventory is sold as of July 2024. The construction of the project started in January 2023 and is scheduled for completion by June 2027. Gami Bianca has sold area worth Rs. 12.4 Cr. and received customer advances of Rs.6.11 Cr. against the same as of 30<sup>th</sup> September 2024. Further, as of September 2024, out of the total budgeted cost of Rs. 270.28 Cr. for the project, cost of Rs. 94.12 Cr. has been incurred, of which Rs. 63.01 Cr. is funded through promoter's contribution, Rs. 25 Cr. by way of debt and Rs. 6.11 Cr. by way of advances/ sale proceeds and cashflow from other projects. While there is inherent project execution risk for being in a nascent stage of construction, the risk is mitigated to some extent as the group has established track record of completion of several projects in timely manner in the past. However, any significant delay in completion of the project may lead to cost overruns which will remain a key rating sensitivity going ahead. As most of the construction cost remains to be incurred, any increase in such cost will lead to lower profitability and cashflows for the company, affecting the debt serviceability for the company. Furthermore, the demand risk for the project stands high as 94 percent of the inventory stands unsold as on 30<sup>th</sup> September 2024.

Acuité believes that timely infusion of funds from promoters, timely tie up of debt and receipt of customer advances will be a key monitorable.

### **Susceptibility to Real Estate Cyclicity and Regulatory Risks**

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 in nature and directly linked to drop in property prices and interest rate risks, which could affect the operations. Given the high level of financial leverage, the high cost of borrowing prevents the real estate's developers' from significantly reducing prices to boost sales growth. Moreover, the industry is also exposed to certain regulatory risks linked to stamp duty and registration tax directly impacting the demand and thus the operating growth of real estate players.

### **Rating Sensitivities**

- Any mismatch in the projected cashflows thereby affecting the DSCR and repayment of proposed bank debt.
- Timely execution of the project without any significant cost overruns.
- Any sharp decline in cash inflows due to slower customer advances/sales or delays in project execution.

### **Liquidity Position**

#### **Adequate**

The company has sold nearly 6 percent of its inventory for the project under consideration. The customer advances/payments against the sold as well as the unsold inventory will be a major source of cash-flows for the company to fund its construction cost. The expected customer advances/payments would be sufficient to fund its construction cost. Further, the completion of the project is susceptible to successful financial closure, the company is expected to secure debt-tie up in the near term. Further, the liquidity is also supported by the financial flexibility the company receives from the promoters.

### **Outlook: Stable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	79.73	84.72
PAT	Rs. Cr.	7.22	14.19
PAT Margin	(%)	9.06	16.74
Total Debt/Tangible Net Worth	Times	6.51	6.01
PBDIT/Interest	Times	1.60	4.59

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

None

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.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. Acuité'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 :

Not Applicable.

**Annexure - Details of instruments rated**

<b>Lender's Name</b>	<b>ISIN</b>	<b>Facilities</b>	<b>Date Of Issuance</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Quantum (Rs. Cr.)</b>	<b>Complexity Level</b>	<b>Rating</b>
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	130.00	Simple	ACUITE BB+   Stable   Assigned

## Contacts

Mohit Jain Senior Vice President-Rating Operations	<b>Contact details exclusively for investors and lenders</b>
Sayali Parab Analyst-Rating Operations	Mob: +91 8591310146 Email ID: <a href="mailto:analyticalsupport@acuite.in">analyticalsupport@acuite.in</a>

### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

**Disclaimer:** An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.acuite.in](http://www.acuite.in)) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.