



Press Release
LML HOMES LLP
April 04, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	60.00	ACUITE BB+ Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	60.00	-	-
Total Withdrawn Quantum (Rs.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 Rs. 60.00 Cr. of bank loan facilities of LML Homes LLP. The outlook is ‘**Stable**’.

Rationale for rating assigned

The rating assigned takes into consideration the long track record of operations of the firm. Further, the rating considers low funding risk owing to the completion of debt tie-up and moderate implementation risk marked by on track implementation till date. However, the rating is constrained by nascent stage of operations of the ongoing projects marking high demand risk and timely receivables from customers, geographic concentration and susceptibility towards inherent cyclicity in the real estate industry.

About the Company

Established in 2016, LML Homes LLP is a part of Chennai based commercial and residential real estate developer group. The group has more than two decades of experience as a real estate developer and has established its market presence in Chennai with a track record of delivering more than 0.88 million sq. ft. of commercial and residential area. Currently, the firm is engaged in development of two residential projects namely LML Sky Living and LML League One. The total saleable area of the projects under construction stands at 0.36 million sq. ft. The partners of the firm are Mr. Suresh Chand Kothari, Mr. Mahesh Kumar Kothari, Mr. Surender Kumar Kothari, Mr. Pradeep Kumar Kothari, Mrs. Kiran Devi Kothari and Mrs. Rekha Kothari.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of LML Homes LLP to arrive at the rating.

Key Rating Drivers

Strengths

Established track record with experienced management

LML Homes is a Chennai based commercial and residential real estate developer promoted by Mr. Suresh Chand Kothari, Mr. Surender Kumar Kothari and Mr. Maheshkumar Kothari. The group has more than two decades of experience as a real estate developer through various projects executed under the group. The firm has established presence in Chennai with a history of delivering more than ~0.88 million sq. ft. of commercial and residential area. Recently, the firm has completed two residential projects, LML Prakriti and LML Iconia, wherein all the units have been sold and the debt availed has also been pre-paid to the lenders. Further, the firm is currently engaged in developing two residential buildings namely LML Sky Living and LML League One having the configuration of 2&3 BHK units. The total budgeted cost for the project Sky Living is Rs. 120.09 Cr. and the total budgeted cost

for League One is Rs. 82.77 Cr. along with cumulative saleable area of ~0.36 million sq. ft.

Acuité believes that the partners have demonstrated good execution capabilities with a reputation for quality and timely completion in the past. Further, partner's industry experience is expected to support in a successful sale of the units in the on-going projects.

Moderate Project Risk

The project Sky Living & League One started in February 2025 & September 2024 and target date for completion is January 2028 & August 2027 respectively. The project implementation risk is moderate with 37% of cost incurred for Sky Living and 31% of cost incurred for League One till February 28, 2025. Further, the funding risk is low as the total debt tie-ups of Rs. 95 Cr. (Rs. 36 Cr. drawn till February 28, 2025) have already been completed. Also, the funding comfort of Rs. 46.16 Cr. (Rs. 34.25 Cr. infused till February 28, 2025) will be provided through the fund infusion by partners and related parties.

Moreover, any delay in completion of the project leading to cost and time overruns which shall remain a key rating sensitivity going ahead.

Weaknesses

Nascent stage of the projects

Both the projects are in their nascent stages of operations. Of the 175 units of Sky Living, the firm have sold 2 units and received minor percentage of the receivables till February 28, 2025. Further, for League One, out of 125 units, the firm have sold 19 units and realised ~42% of receivables till February 28, 2025. This marks high demand risk owing to the cyclical nature of the real estate industry and significant unsold inventory for the residential units.

Acuité believes that timely completion of the project and materialisation of the same shall remain a key rating sensitivity.

Susceptibility to geographical concentration, real estate cyclicity, regulatory risks and intense competition in the industry

The operations of the firm are majorly located in Chennai which keeps the firm exposed to geographic concentration risk. Further, 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. The firm's track record, quality of construction and delivery timelines will be crucial aspects that home buyers will consider in their purchase decisions. 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. Hence, business risk profile will remain susceptible to risks arising from any industry slowdown.

Rating Sensitivities

- Timely completion of the projects without any cost overruns
- Timely sale of unsold inventory and realisation of its customer advances
- Any sharp decline in cash flow due to delays in project execution or industry slowdown

Liquidity Position

Adequate

The firm's liquidity position is expected to remain adequate to support debt servicing in the near-to-medium term on account of presence of escrow accounts to ensure timely repayment. Further, post completion of the projects, net cash accrual are expected to be sufficient to repay the maturing debt obligations. The partners have infused sufficient capital and unsecured loans to incur the construction cost for the ongoing projects. However, timely implementation of the project and generation of expected cash accrual will be key rating sensitivity factors.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	36.93	34.40
PAT	Rs. Cr.	1.53	1.51
PAT Margin	(%)	4.14	4.38
Total Debt/Tangible Net Worth	Times	0.87	1.18
PBDIT/Interest	Times	1.46	1.45

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

CareEdge Rating, vide its press release dated December 17th, 2024 had denoted the rating of LML Homes LLP as 'CARE BB-/Stable' 'Downgraded and Issuer Not Cooperating'.

CRISIL, vide its press release dated September 11th, 2024 had denoted the rating of LML Homes LLP as 'CRISIL B/Stable' 'Downgraded and Issuer Not Cooperating'.

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

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, Acuite 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.

Rating History :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Indian Bank	Not avl. / Not appl.	Term Loan	28 Jun 2024	Not avl. / Not appl.	31 Jan 2029	60.00	Simple	ACUITE BB+ Stable Assigned

Contacts

Mohit Jain Senior Vice President-Rating Operations	Contact details exclusively for investors and lenders
Akshit Agrawal Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

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) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.

Note: None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.