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ICRA assigns LBB- to the bank lines of Manglam Build Developers Private Limited; assigns stable outlook

ICRA has assigned LBB- (pronounced L double B minus) rating to the Rs. 40 crore¹ term loan of Manglam Build Developers Private Limited (MBDPL)[†]. The outlook on the rating is stable.

The rating of MBDPL takes into consideration execution and demand risks since most of the projects are in construction phase and a large proportion of the project area is un-booked. Moreover funding risk also exists since a large part of the construction cost is planned to be met by customer advances. The rating however derives comfort from the established track record of the promoters in the real estate business and low approval risk for the projects.

Company Profile

Manglam Build Developers Private Limited is a real estate company engaged in development of residential and commercial projects. The business was started by Mr. N.K. Gupta in 2001 and initially the projects were executed under various group companies/firms. In 2006, these group companies/firms were merged into a partnership firm; Manglam Builder & Developer. Subsequently in April 2008, the partnership was converted into the currently operational MBDPL. The entire shareholding of the company is held by Mr. N.K. Gupta and his family members. The group has been engaged in development activity in various major cities of Rajasthan.

Recent Results

The company has reported a net profit after tax of Rs. 3.89 crore on an operating income of Rs. 32.75 crore in FY2010.

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ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

¹100 lakh = 1 crore = 10 million

[†] For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.

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