

Galaxy Enterprise

May 15, 2017

Ratings

Facilities	Amount (Rs. crore)	Ratings ^[1]	Rating Action
Long-term Bank Facilities	10	CARE BB-; ISSUER NOT COOPERATING* (Double B Minus; ISSUER NOT COOPERATING)*	Issuer not cooperating
Total	10 (Rupees Ten crore only)		

Details of instruments/facilities in Annexure -1

Detailed Rationale and Key Rating Drivers

CARE has been seeking information from Galaxy Enterprise (GEE), to monitor the rating(s) vide e-mail communications/ letters dated November 11, 2016, January 03, 2017, January 19, 2017, March 08, 2017 and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. **In the absence of minimum information required for the purpose of rating, CARE is unable to express an opinion on the rating.** In line with the extant SEBI guidelines CARE's rating on GEE's bank facilities will now be denoted as **CARE BB-; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.

Detailed description of the key rating drivers

At the time of last rating on March 11, 2016, the following were the rating strengths and weaknesses:

Detailed description of the key rating drivers

Key Rating Weaknesses

Constitution as a partnership firm

GEE being a partnership firm is exposed to inherent risk of the partner's capital being withdrawn at the time of contingency and also limits the ability to raise the capital. The partners may withdraw capital from the business as and when it is required, which may put pressure on the capital structure of the firm.

Risk related to timely receipt of advances coupled with low booking status

GEE has received booking for 26% of total units and has received the booking advances of Rs.8.25 crore which forms 51% of sales value of booked units against 75% of cost incurred reflecting moderate receipt of advances against cost incurred and thereby high risk associated with timely receipt of remaining booking advances remains crucial.

Furthermore, GEE has received the booking for 106 units (out of total 410 units) as on December 31, 2015 constituting 26% of total units thereby reflecting low booking status.

Presence in a cyclical and highly fragmented real estate industry

The life cycle of a real estate project is long and the state of the economy at every point in time, right from land acquisition to construction to actual delivery, has an impact on the project. This capital intensive sector is also vulnerable to the economic cycles. Slowdown in sales and increased input costs has increased liquidity concerns for highly leveraged players. Furthermore, the real estate sector in India is highly fragmented with many regional players, who have significant presence in their respective local markets which in turn leads to intense competition within the industry. The real estate sector is sensitive to the economic cycle and interest rates also.

Key rating strengths

Experienced partners

GEE is promoted by eight partners namely Mr Satishbhai Patel, Mr Hemal Kishore Munshi, Mr Sanjaybhai Jogi, Mr Hiteshbhai Padia, Mr Chiragbhai Patel, Mr Rajesh Bafna, Mr Mahendrakumar Kankaria and Mr Maulik Patel with unequal profit and loss sharing proportion. The partners have experience in the real estate industry through different residential and commercial projects executed under different firms/associates concerns in Vadodara. Overall group has long and established track record in execution of real estate projects with maximum project size of 11.08 lakh sq. ft. area though there is geographical concentration as all the projects are in Vadodara city only.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

Analytical Approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Financial ratios – Non-Financial Sector](#)

About the Firm

Vadodara-based (Gujarat), Galaxy Enterprise (GEE) was established as a partnership firm in August 27, 2014. GE has other entities which are also engaged into real estate development. The group has successfully completed number of residential and commercial projects under different entities in Vadodara. GE is engaged in the real estate development and is currently executing its residential cum commercial project named 'Devine Galaxy' at Vadodara, Gujarat. It comprises of 115 bungalows, 161 flats and 134 shops with total 2,89,453 Sq. Ft. As on December 31, 2015, GEE has already incurred 75% cost towards the project and the rest is expected to be completed by the end of March 31, 2017. GEE has received approvals for land and other relevant clearances for the project.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History (Last three years): Please refer Annexure-2

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over nearly two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure 1: Details of Instruments/Facilities:-

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based-Long Term Loan	-	-	March 2018	10.00	CARE BB-; ISSUER NOT COOPERATING*

**Issuer did not cooperate; Based on best available information*

Annexure 2: Rating History for last three years :-

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based-Long Term Loan	LT	10.00	CARE BB-; ISSUER NOT COOPERATING*	-	-	1)CARE BB- (11-Mar-16)	-

**Issuer did not cooperate; Based on best available information*

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CIN - L67190MH1993PLC071691