



## Rating Rationale

M/s G K ARPL Ventures

22 March 2017

**Brickwork Ratings revises the ratings for the Bank Loan Facilities of Rs.20.00 Crores of M/s G K ARPL Ventures**

### Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Demand Loan/ Term Loan*	20.00	20.00	Long Term	BWR BB+ Outlook: Stable	BWR BB Outlook: Stable
<b>Total</b>	<b>20.00</b>	<b>20.00</b>	<b>Rs.20.00 Crores (Rupees Twenty Crores Only)</b>		

<sup>^</sup> Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

### Rating: Downgraded

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial statements up to FY16, and publicly available information and information/clarifications provided by the firm

The assigned rating has factored, inter alia, strength from the promoters' experience in the real estate business, track record of G K group. However, the rating is constrained by delayed execution and completion of the project, subdued sales of flats, mismatch of actual cash-in-flows to the projected cash flows, slowdown in real estate business affecting sales. The ability of the firm to complete the project in the twice revised time schedule, ability to sell the flats and generate income, prompt repayment of debt obligations are the rating sensitivities

#### Rating Outlook: Stable

BWR believes the M/s G K ARPL's business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.



**About the Firm:**

M/s G K ARPL Ventures was established as a partnership firm in 2012 in Hyderabad. GK ARPL is engaged in the business of real estate development and involved in developing residential, commercial complexes. GK ARPL Ventures commenced the development of its first residential-cum-commercial real estate project G K Pride in Phase-I and Phase-II Manner in 9.5 acres of land at Sainikpuri, Secunderabad, Telangana. The promoters have been a part of various residential projects around Hyderabad and adjoining regions through other entities engaged in real estate industry. G K Pride in Phase-I has been completed 238 apartments out of 241 were sold and handed over to the customers).

Currently, the Firm is developing G K Pride in Phase-II the project comprises around 255 apartments in 3 Blocks with a super built-up area of 4.53 lakh Sft .to be developed in a phased manner. The project cost is estimated @Rs. 84.41 Cr. The Project is funded with Term Loan of Rs.20 Cr, Promoters contribution is Rs 11Cr and the balance is generated from the customers. At present, only 25 flats have been reportedly booked as on March 15, 2017.

M/s G K ARPL Ventures partners are Mr. K. Hanumantha Rao (Managing Partner), M/s Apex Realty Pvt Ltd, Mr. K. Sridhar, Mr. K. Subba Rao, Mr. K. Sudhakar, Mr. M. Narendar, Mr. M. Narasimha Rao, Mr. B. Raja Gopal Reddy, Mr. Srikanth, Mr. M. Srinivasa Rao.

**Financial Performance:**

The firm has reported a total operating income of Rs. 19.85 Crs and PAT Rs.0.59 Crs in FY 16 as against total operating income of Rs.23.60 Crs and Rs.0.69 Crs in FY 15.

**Rating History for the last three years**

Sl. No	Instrument /Facility	Current Rating (2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	2016	2015	2014
1.	Demand Loan/ Term Loan	Long Term	20.00	BWR BB	Not Reviewed	16.09.15 BWR BB+	Not rated

**Hyperlink/Reference to applicable Criteria**

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)



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**For print and digital media**

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**Note on complexity levels of the rated instrument:**

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

**About Brickwork Ratings**

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9, 30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

**DISCLAIMER**

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