Rating Rationale

Govindkripa Buildheights LLP

April 20, 2018

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Govindkripa Buildheights LLP

Particulars

Facility	Tenure	Rated Amount	Rating Assigned
Term Loan	Long Term	25.00	BWR BB+ (Pronounced as BWR Double B Plus) Outlook: Stable
Total		**25.00**	**Rupees Twenty Five Crore only**

^ Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon audited financial results of the company up to FY17, provisional financials of FY18, publicly available information and information/clarifications provided by the Company's management.

The rating draws comfort from the experience of the promoters and management team, established track record of the group, comfortable physical completion stage and flat booking status and significant promoters contribution (by way of equity and unsecured interest free loan) by the promoters. The rating is, however, constrained on account inherent risks associated with real estate industry.

Going forward, completion of the project without cost and time overrun, realization of sales value in respect of sold and unsold flats and timely servicing of the debt would be the key rating sensitivities.

Credit Strengths:

- **Experience of Directors:** The promoter-directors of the company, individually, have an experience of more than 2 decades in the industry. The promoters have 6-7 other projects as well and have an established track record.
- **Physical Completion and booking status:** As per the information provided by the management, the project is almost 50% complete. The total number of flats is 48 out of which 28 have been booked as on March 31, 2018.
- **Promoters infusion:** As per the provisional figures of FY18, the promoters have infused Rs. 5.00 Cr in the form of equity in FY18 and Rs. 53.09 Cr in the form of unsecured loans.

Credit Weaknesses:

- **Project offtake risk:** The project is halfway through the construction pr[illegible] has received a sum of Rs. 9.49 Cr only against the sales value of Rs. 57.7[illegible] so far.
- **Inherent risk:** The real estate sector, on a macro economy level, is going through a very disrupted stage. The company has to deal with the inherent risk associated with the real estate industry. Although the company has been trying to overcome these hurdles efficiently and has already sold near to 60% of their total flats.

Rating Outlook: Stable

BWR believes the Govindkripa Buildheights LLP'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 Company

Govindkripa Buildheights LLP was set up as an LLP in 2015. The registered and corporate office of the company is in Jaipur. Shri Charan Singh Khangarot and Shri Narendra Singh L. Rathore are the promoters and directors of the LLP. The company is developing a real estate project under the name of "Jaypore" in Jaipur. A total of 48 high end apartments are being constructed out of which 27 are already sold. The company is planning to complete the project by March, 2019 and handing over of completed flats by December, 2018 itself.

Company Financial Performance

	Unit	FY17 (Aud.)	FY18 (Prov.)
Net Sales	Rs. in Cr	0.00	35.48
PAT	Rs. in Cr	0.00	-4.19
Tangible Networth (Analyzed)*	Rs. in Cr	25.20	27.36
TOL/ TNW (Analyzed)*	Times	0.02	0.69

**For calculation of analyzed ratios, we have considered 50% of the unsecured loan infused by the promoters as quasi equity.*

Rating History for the last three years: (including withdrawn/suspended ratings)

S.No.	Instrument/ Facility	Current Rating (Year 2018)			Rating History		
		Type	Amount (Rs Crs)	Rating	2017	2016	2015
1	Term Loan	Long Term	25.00	BWR BB+ (Outlook: Stable)	NA	NA	NA
	Total		**Rs. 25.00 Crores (Rupees Twenty Five Crore only)**				

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

Any other information – NIL

Hyperlink/Reference to applicable Criteria

- Approach to Financial Ratios
- Services Sector
- General Criteria
- Short Term Debt

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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 Investors queries can be sent to 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.

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