



Rating Rationale

03 Dec 2021

Mapsko Builders Private Limited

Brickwork Ratings withdraws/reaffirms the ratings for the Bank Loan Facilities amounting to Rs. 92.03 crs of Mapsko Builders Private Limited ('MBPL' or 'The Company')

Facility**	Previous Amount Rated (Rs. Crs)	Present Amount Rated (Rs. Crs)	Tenure	Previous Ratings (Mar, 2021)	Ratings Assigned*
Fund based	57.97	-	Long Term	BWR BBB Stable	Withdrawn
	75.30	75.30	Long Term	BWR BBB Stable	BWR BBB Stable Reaffirmed
Non Fund Based	16.73	16.73	Short Term	BWR A3+	BWR A3+ Reaffirmed
Total	150.00	92.03	Rupee Ninety Two Crores and Three Lakhs Only		

** Details of facilities given in Annexure I.

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

Rating Action/Outlook:

Brickwork Ratings (BWR) has withdrawn/reaffirmed a long-term rating of BWR BBB (Stable) for fund-based bank loan facilities and reaffirmed the short-term rating of BWR A3+ for the bank loan facilities of Mapsko Builders Private Limited (MBPL or the company). We have received a request dated 25th November 2021 from the company seeking withdrawal of existing rating of PNB Housing Finance Limited (PNBHFL) term loans outstanding amounting to Rs. 57.97 crs as the same has been prepaid by the company. BWR has also received the lender's (PNBHFL) closure letter for these term loans.

Based on the above, the rating assigned to term loans availed by the company has been withdrawn in line with the withdrawal policy of BWR.

The rating reaffirmation factors in the company's experienced promoters, established a long track record of around two decades, locational advantage of the project, comfortable booking from completed projects and comfortable financial risk profile. However, these strengths are partially offset by decline in total operating and profitability margins, geographic concentration risk and inherent risk of the industry along with intense competition.



The outlook is Stable as around 84% of inventory has already been sold for A-H towers in Mount Ville; coupled with completed status of its other projects which provides revenue and cash flow visibility in the medium term.

BWR has principally relied upon the standalone audited financial results of MBPL upto 31st March 2020, FY21 provisional financials and projected financials for FY22 and publicly available information/ clarifications provided by the company's management.

About the project:

Mapsko Mount Ville is a residential project which is spread over 16.5 acres of land in Sector 79 Gurgaon and is close to NH 8 Highway which gives locational advantage. This project has 9 towers which consists of 8 residential towers from A to H and one iconic tower I. It includes 3BHK & 4BHK apartments ranging from 1490 sq.ft to 2710 sq.ft along with daily amenities, sports and club facilities. The construction of 8 residential towers from A to H got completed in March 2020 and however it received an occupancy certificate in June 2020 which got delayed due to the impact of Covid-19. After repaying the existing loan and based on revenue from existing units, the company will start construction of the iconic tower-I on already developed land within 16.5 acres.

Future plans: The company has a plan to develop iconic tower-I on already developed land within Mount Ville. The total cost of this project will be around Rs. 65 crs which will be funded through term loan from a bank of Rs. 54 crs and remaining Rs. 11 crs will be through promoters contribution by way of equity or interest free unsecured loans. The company also has a plan to develop a housing project in Sector- 27 of Sonapat, Haryana for which land has already been acquired by the company. The cost of Sonapat housing project is around Rs. 35 crs. Although, both these projects are under designing stage and the company will apply for these loans at appropriate time. The client expects to avail the same from State Bank of India (SBI) in future.

Credit Strengths:-

● **Established track record of operations and experienced management:**

The company commenced its operations in 2003 and has a successful track record of around two decades in the residential and commercial real estate sector in Gurgaon and Sonapat with a strong marketing network. MBPL's long track record and the extensive experience of promoters have helped establish relations with various stakeholders for its business. The company was established and is managed by the Singla family. Furthermore, the promoters are assisted by a team of experienced professionals in managing the company's daily business operations. The group has completed several residential and commercial projects. Some of the key residential projects are Mapsko Casa Bella, Mapsko Royal Ville, Mapsko Paradise & Mapsko City Homes and a commercial project Mapsko Galleria.



- **Comfortable booking of completed project :**
The company completed the construction of A-H towers under Mapsko Ville in June 2020. This completed project has a booking of over 84% as on 30th September 2021 and there are 128 units of unsold units as on 30th September 2021 which will result in steady flow of customer advances. The unsold inventory of all provides revenue visibility in the medium term.
- **Favourable location:**
The project "Mount Ville " is strategically located close to NH8, 10 mins drive to Golf Course & Sohna Road Gurgaon. Other key players developing projects at the same place are Godrej, Supertech & Bestech. The strategic location of the project and the group's reputation provides comfort for the execution and marketability of the project.
- **Comfortable financial risk profile :**
The analysed gearing improved to 0.45x in FY21 (Provisional) from 0.78x in FY20. Tangible networth analysed improved to Rs. 291.44 crs in FY21 (Provisional) from Rs. 285.38 crs in FY20. Customer collections for FY21 (Provisional) were around Rs. 161 crs. Cash flow debt service coverage ratio (DSCR) in FY20 stood at 4.20x, however it expected to decline in FY21 led by high debt repayments.

Credit weaknesses:-

- **Decline total operating income (TOI) and profitability margins:**
TOI declined by 2.46% in FY21 (Provisional) to Rs. 223.15 crs from Rs. 228.78 crs in FY20. The operating profit margins (OPM) and net profit margins (NPM) declined to 5.32% and 0.15% respectively in FY21 (Provisional) as compared to 7.18% and 1.72% respectively in FY20.
- **Geographic and project concentration risk:**
The company is exposed to geographic concentration as the majority of their projects are in Gurgaon and Sonipat, Haryana real estate market. Any adverse movement in the Haryana real estate market may adversely impact the sales and collections of the company
- **Inherent risk of the industry along with intense competition:**
The company is exposed to the cyclical nature inherent in an intensely competitive real estate sector, which could result in fluctuations in cash inflows because of volatility in saleability. Further, the real estate industry as a whole is experiencing a short term slowdown with decline in new launches and expected price rationalization on account of recent policy measures such as real estate regulation act (RERA) and goods and service tax (GST). There is intense competition from the regional players.



Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below. BWR has considered a standalone approach for arriving at the rating.

Rating Sensitivities

Upward: BWR may revise the rating upward, in case of improved operating cash flow and alongwith sustenance of gearing below 0.40 x, and cash flow DSCR above 3.50x .

Downward: BWR may revise the rating downward, in case there is inordinate delay in liquidating the inventory which results in decline in operating cash flow, gearing above 0.80 x, and cash flow DSCR below 1.50x .

Liquidity: Adequate

Liquidity is supported by the steady collection in its Mount Ville project. The total collections in FY21 (Provisional) were Rs 161 crs. In view of the schedule of payment of the home buyers, based on the recently completed towers A-H in Mount Ville project, pace of collection is expected to be fairly stable. The company has received around Rs. 526.83 crs from the customers for the booked inventory as on 30th September 2021 which has a sale value of Rs. 618.06 crs, however the future sales realizations and advances are expected to support the liquidity.

About the entity:

Mapsko Builders Private Limited (MBPL), a 18 years old real estate company which undertakes both residential & commercial projects. Mr. Pankaj Singla is the chairman-cum-managing director & Mr. Krishan Singla is director of the company. Till date completed 4 residential projects and one commercial project. Geographically, the company's projects are concentrated in Gurgaon & Sonapat, both in Haryana. Currently it is developing a residential project by the name of 'Mapsko Mount Ville' in Sec 79 Gurgaon which is 1.5 km away from NH 8.

Key Financial Indicators (Standalone)

Key Financials			
	Units	31/Mar/2019	31/Mar/2020
Result Type		Audited	Audited
Total Operating Income	Rs. Cr	160.22	228.78
OPBDIT	Rs. Cr	9.93	16.42
PAT	Rs. Cr	1.03	3.93
Tangible Net Worth (Analysed)	Rs. Cr	246.91	285.38
Total Debt/TNW (Analysed)	Times	0.92	0.78
Current Ratio	Times	4.28	3.69

Key covenants of the instrument/facility rated: Not Applicable



Status of non-cooperation with previous CRA (if applicable): CARE B+ (Stable)ISSUER NOT COOPERATING/CARE A4 ISSUER NOT COOPERATING as of 19th Mar 2021.

CRISIL B (Stable) ISSUER NOT COOPERATING as on 17th September 2021.

Any other information: NA

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

S.No	Facility	Current Rating (2021)				Rating History		
		Type	Tenure	Amount (In Crs)	Rating	20 Mar 2021	16 Jan 2020	2019
1	Bank Loan	Fund Based	Long Term	57.97	Withdrawn	BWR BBB Stable	BWR BBB-Stable	-
		Fund Based	Long Term	75.30	BWR BBB Stable Reaffirmed	BWR BBB Stable	BWR BBB-Stable	
		Non Fund Based	Short Term	16.73	BWR A3+ Reaffirmed	BWR A3+	BWR A3	-
Total				92.03	Rupee Ninety Two Crores and Three Lakhs Only			

COMPLEXITY LEVELS OF THE INSTRUMENTS: Simple

BWR complexity levels are meant for educating the investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf.

Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Rating Criteria - Service Sector Entities](#)
- [Short Term Debt](#)

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Mapsco Builders Private Limited
ANNEXURE I
Details of Bank Facilities rated by BWR

Sl. No.	Name of Bank/Lender	Type of Facilities	Long Term (Rs. Cr)	Short Term (Rs. Cr)	Total (Rs. Cr)
1	PNB	BG	-	16.73	16.73
2	SBI	Proposed Loan	75.30	-	75.30
TOTAL					92.03

Total: Rupee Ninety Two Crores and Three Lakhs Only.

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