

## Hare Krishna Orchid

July 2, 2021

### Rating

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	15.00	CARE B-; Stable; ISSUER NOT COOPERATING* (Single B Minus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B+; Stable; (Single B Plus; Outlook: Stable)
<b>Total Bank Facilities</b>	<b>15.00 (Rs. Fifteen Crore Only)</b>		

*Details of facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated May 27, 2020, placed the rating(s) of Hare Krishna Orchid (HKO) under the 'issuer non-cooperating' category as HKO had failed to provide information for monitoring of the rating for the rating exercise as agreed to in its Rating Agreement. HKO continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and emails dated May 2, 2021, April 22, 2021 and April 12, 2021.

In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

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

The rating has been revised by taking into account non-availability of requisite information and no due diligence conducted with banker due to non-cooperation by Hare Krishna Orchid with CARE'S efforts to undertake a review of the rating outstanding. CARE views information availability risk as a key factor in its assessment of credit risk. Further, the rating continues to remain constrained by small scale of operations with low net worth base, leveraged capital structure and intense market competition with cyclical and seasonality associated with real estate industry. However, the rating draws comfort from experienced promoters, location advantage and moderate profitability margins.

### Detailed description of the key rating drivers

At the time of last rating on May 27, 2020, the following were the rating weaknesses and strengths:

#### Key Rating Weaknesses

##### Small scale of operations coupled with low net worth base

The scale of operations of Hare Krishna Orchid have remained small marked by TOI of Rs.42.62 crore for FY18 (refers to period from April 1 to March 31). Furthermore, the firm's GCA was relatively small at Rs1.27 crore for FY18. The small scale limits the firm's financial flexibility in times of stress and deprives it from scale benefits.

##### Leveraged capital structure

The firm has debt mainly in form of term loan and unsecured loans primarily to undertaken real estate construction work. The capital structure of HKO stood leveraged as on past three balance sheet dates ending March 31, 2016 to March 31, 2018, mainly on account of partners' capital against high reliance on external debt to fund capital expenditure. The overall gearing ratio stood at 7.96x as on March 31, 2018.

##### Intense market competition with cyclical and seasonality associated with real estate industry

The Indian real estate industry is highly fragmented in nature with the presence of a large number of organized and unorganized players spread across various regions. Many projects are emerging in cities like Vrindavan, Mathura, and other nearby regions and small players are coming with projects in these areas with gives up front competition to real estate players like Hare Krishna Orchid. Moreover, the company is exposed to the cyclicity associated with real estate sector which has direct linkage with the general macroeconomic scenario, interest rates and level of disposable income available with individuals. In case of real estate companies, the profitability is highly dependent on property markets. This exposes these companies to the vagaries of property markets. A high interest rate scenario could discourage the consumers from borrowing to finance the real estate purchases and may depress the real estate market.

## Key Rating Strengths

### Experienced promoters

Hare Krishna Orchid is being promoted by Mr. Ramesh Chander Goel. He is a graduate by qualification and has an experience of three and half decades in the construction and real estate development industry through his association with this entity Express Tower Private Limited and RNG Trading Company Private Limited.

### Location advantage

The company has an operational resort named Hare Krishna Orchid which enjoys the benefit of advantageous location being located near religious hub of Mathura, Vrindavan. It is located in close proximity to tourist attractions like Prem Mandir, the famous ISKCON Mandir and Banke Bihari Mandir. It is well connected with the NH-2 Delhi- Agra Highway. Location advantage ensures higher footfall of tourists and travellers providing furtherance and growth to operational performance of business.

### Moderate Profitability margin

The profitability margins of the company stood moderate for the past three financial years FY16-FY18 owing to healthy booking status of its constructed properties along with satisfactory occupancy levels of the resort. PBILDT margin and PAT margin stood at 11.67% and 2.39% respectively during FY18.

**Analytical approach:** Standalone

### Applicable Criteria

[Policy in respect of non-cooperation by issuers](#)

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

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

### About the Firm

New Delhi based, Hare Krishna Orchid (HKO) was established in 2007, as a partnership concern by Express Towers Private Limited and RNG Trading Company Private Limited. The firm is promoted by Mr. Ramesh Chander Goel (62 years old) and his wife Mrs. Neelam Goel. The firm is engaged in real estate business and hospitality services.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	21.21	42.62
PBILDT	2.56	4.97
PAT	0.51	0.98
Overall gearing (times)	10.53	7.96
Interest coverage (times)	1.10	1.53

A: Audited

**Status of non-cooperation with previous CRA:** ACUITE (SMERA) had placed its rating under non-cooperation due to non-submission of requisite information by the entity as per its press release dated March 30, 2021

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

### 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 - LT-Term Loan	-	-	-	11.95	CARE B-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Proposed fund based limits	-	-	-	3.05	CARE B-; Stable; ISSUER NOT COOPERATING*

\*Issuer not cooperating; Based on best available information

### Annexure-2: Rating History of 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	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned

					in 2021-2022			in 2018-2019
1.	Fund-based - LT-Term Loan	LT	11.95	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (27-May-20)	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (04-Apr-19)	-
2.	Fund-based - LT-Proposed fund based limits	LT	3.05	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (27-May-20)	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (04-Apr-19)	-

\*Issuer not cooperating; Based on best available information

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities:** Not Applicable

**Annexure-4: Complexity level of various instruments rated for this firm**

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Proposed fund based limits	Simple
2.	Fund-based - LT-Term Loan	Simple

**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](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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### About CARE Ratings:

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