Mapsko Builders Private Limited

March 19, 2021

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating[1]	Rating Action
Long Term Bank Facilities	250.56	CARE B+; Stable; ISSUER NOT COOPERATING* (Single B Plus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE BB-; Stable; (Double B Minus; Outlook: Stable)
Short Term Bank Facilities	40.00	CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Bank Facilities	**290.56 (Rs. Two Hundred Ninety Crore and Fifty-Six Lakhs Only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated January 30, 2020, placed the ratings of Mapsko Builders Private Limited (MBPL) under the 'Issuer non-cooperating' category as MBPL had failed to provide information for monitoring of the rating. MBPL continues to be non-cooperative despite repeated requests for submission of information through e-mails dated February 25, 2021; February 15, 2021; February 05, 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 ratings have been revised on account of non-availability of requisite information due to non-cooperation by MBPL. CARE views information availability risk as a key factor in its assessment of credit risk.

Detailed description of the key rating drivers

At the time of last rating on January 30, 2020 the following were the rating strengths and weaknesses:

Key Rating Weaknesses

Residual project execution risk

As on June 30, 2018, MBPL was having one on-going project-"Mapsko Mount Ville" in respect of which company has already incurred 78% of the total project cost. Since this project is at moderate stage of construction, its sales momentum of fresh units is also slow with only 47% of the total saleable area sold till June 30, 2018. However, company is expecting to complete this project by Sept. 2019 and with the progression in construction, project is expected to generate cashflows from fresh sales of units. Company also has an outstanding debt of Rs.78 Cr, taken for the construction of Project Mapsko Mount Ville with debt repayments to start from Sept. 2018. Apart from this, company also has three other projects-Mapsko Casa Bella, Mapsko Royal Ville and Paradise and Mapsko city homes, galleria & garden estate. These projects are almost completed and debt taken in respect of these projects is being re-paid.

Currently, with complete focus on completion of project Mapsko Mount Ville and timely servicing of debt repayments of other completed projects, company is in process of transferring the debt of Rs.78 Cr taken for the construction of Mapsko Mount Ville to PNBHFL after which, it will get additional loan of Rs.72 Cr with the additional moratorium period of 12 months. Therefore, it is crucial for company to timely complete the residual construction so that project should start giving sufficient cash flows for timely servicing of debt.

High debt repayments outstanding

Total debt of the company, as on March 31, 2018, consists of terms loans and vehicle loans of Rs.158.57 Cr, loans from related parties of Rs.78.65 Cr and an overdraft facility from Punjab National Bank of Rs.5.34 Cr. The term loans of Rs.158.57 Cr mainly comprises construction finance taken for the construction of four projects- Mapsko Casa Bella, Mapsko Mount Ville, Mapsko Royal Ville and Paradise and Mapsko city homes, galleria & garden estate. Moreover,

[2]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications*

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

company has raised Rs.30 Cr of inventory funding from PNBHFL on the unsold inventory of Mapsko Casa Bella and Mapsko Royal Ville & Paradise in May 2018. This Inventory funding facility is to be re-paid in monthly installments @Rs.1 Cr per month for the tenure of 30 months, started from June 2018. With heavy debt repayments going on, the ability of the company to generate cashflows from sale of fresh units of projects along with timely receipt of outstanding customer advances shall remain a key rating sensitivity.

Inherent risk associated with Real Estate sector

For Real Estate sector, with consumers becoming more discerning, ready-to-move-in homes will be the main demand drivers in the coming period as well. Developers will continue to focus on reducing their present inventory, before launching new projects. The developer's track record, quality of construction and delivery timelines, will be crucial aspects that home buyers will consider, in their purchase decisions. With RERA in place, the investment environment is also expected to improve. Additionally, with the government providing benefits for affordable housing, including setting up of a dedicated fund, we can expect more private developers to get into this segment. Moreover, SEBI has given its approval for the Real Estate Investment Trust (REIT) platform which will help in allowing all kinds of investors to invest in the Indian real estate market. It would create an opportunity worth Rs.1.25 trillion (US$ 19.65 billion) in the Indian market over the years.

Key Rating Strengths

Experienced and Resourceful Promoters having long track record of operations

MBPL, incorporated in Jan. 2003, is a part of Krishna Apra group and promoted by Mr Amrit Singla (Chairman-cum-Managing Director of MBPL). MAPSKO, as a group, has successfully delivered many residential and commercial projects in past 20 years.The promoters of the company are resourceful and has track record of infusing funds to support construction of projects and debt repayments. During FY18, promoters have infused Rs.28 Cr in the form of unsecured loans increasing total outstanding unsecured loans from related parties to Rs.78.65 Cr as on March 31, 2018.

Moreover, apart from real estate business, the group has a diversified business profile with one of its group company- "Shakti Motors Private Limited (CARE BBB-; Stable/CARE A3-reaffirmed on March 29, 2018)" engaged in the sale of Maruti Suzuki India Ltd's cars, spare parts and servicing of vehicles in Sirsa and nearby regions in the state of Haryana. Also, MBPL's group entities "Discovery Associates" and "Discovery wines" are engaged in the trading of Liquor in the states Punjab and Haryana, having achieved TOI of Rs.206.43 Cr and Rs.704.86 Cr respectively in Fy17.

Ready-to-move in Inventory in hand

With the changing scenario of real estate sector, demand for ready-to-move in properties has increased as the active buyer in the market has preference for them. As on June 30, 2018, MBPL has three completed projects- Mapsko Casa Bella, Mapsko Royal Ville and Paradise and Mapsko city homes, galleria & garden estate left with unsold inventory of about 8%, 6% and 15% of the total saleable area respectively, having value of Rs.144.89 Cr (valued at average rate of past inventory sold) and having market value of Rs.213.80 Cr. With majority of the portion sold out in these projects, prospective buyer's confidence will increase and hence, it will be relatively easy for company to convert them into sale. During last 12 months ending June 2018, company has total collections of Rs.145.85 Cr from its four projects and also sold fresh units at a total value of Rs.130.71 Cr.

Moreover, the unsold inventory of ready to move-in units have capability to raise funds as company has already taken Rs.30 Cr of debt via inventory funding on the unsold inventory of Mapsko Casa Bella and Mapsko Royal Ville & Paradise in May 2018.

Fully Paid-up Land Bank

As on June 30, 2018, MBPL has a fully paid up land bank consisting three lands having book value of Rs.16.86 Cr, in the name of company. All these lands are located in Haryana with a total area of 4.75 lsf. These present investments in land bank can be used by the company for its future projects and thus, will enable company to have competitive edge in the market.

Proposed Re-financing

For construction of Project Mapsko Mount Ville, MBPL has taken Rs.100 Cr of debt from LICHFL, out of which Rs.78 Cr has been disbursed till June 30, 2018. The debt repayment to LICHFL is to commence from Sept. 2018 but since the company is expecting to complete this project by Sept. 2019 and therefore, cashflows from this project are also expected to improve as construction stage progresses. Thus, MBPL is in process of transferring it to PNBHFL after which, it will get Rs.50 Cr of top-up loan with the additional moratorium period of 12 months.

Analytical approach: Standalone

Applicable Criteria

Policy in respect of non-cooperation by issuers
Criteria on assigning Outlook to Credit Ratings
CARE's Policy on Default Recognition
Criteria for Short Term Instruments

Rating methodology for Real estate sector
Financial ratios – Non-Financial Sector

About the Company

MBPL is a real-estate developer, incorporated in Jan. 2003. It is a part of Krishna Apra group, which was set-up in March 13, 1997, by Mr. Amrit Singla (Director, Apra Builders Limited) and Jai Krishan Estate Private Limited. Mr Amrit Singla is the Chairman-cum-Managing Director of MBPL. MAPSKO, as a group, has executed many residential and commercial projects in past 20 years.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	206.28	228.08
PBILDT	21.68	23.97
PAT	7.30	6.64
Overall gearing (times)	1.42	1.21
Interest coverage (times)	4.73	3.01

A: Audited

Status of non-cooperation with previous CRA: MBPL has not cooperated with CRISL which has classified it in non-cooperative category vide press release dated June 17, 2020

Any other information: Not Applicable

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

Annexure-1: Details of 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	-	-	-	250.56	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - ST-Bank Overdraft	-	-	-	10.00	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantees	-	-	-	30.00	CARE A4; ISSUER NOT COOPERATING*

**Issuer did not cooperate; 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 in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	250.56	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (30-Jan-20)	1)CARE BB; Stable (28-Aug-18)	-
2.	Fund-based - ST-Bank Overdraft	ST	10.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (30-Jan-20)	1)CARE A4 (28-Aug-18)	-
3.	Non-fund-based - ST-Bank Guarantees	ST	30.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (30-Jan-20)	1)CARE A4 (28-Aug-18)	-

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

Annexure 3: Complexity level of various instruments rated for this Company

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Term Loan	Simple
2.	Fund-based - ST-Bank Overdraft	Simple
3.	Non-fund-based - ST-Bank Guarantees	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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

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