

Krisha Enterprises Private Limited

July 15, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Non Convertible Debentures	21.00	CARE C; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale & Key Rating Drivers

CARE Ratings Ltd. has been seeking information from Krisha Enterprises Private Limited (KEPL) to monitor the rating(s) vide e-mail communications/letters dated June 12, 2024, June 18, 2024, June 21, 2024 and July 03, 2024 among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. Further, Krisha Enterprises Private Limited has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on Krisha Enterprises Private Limited's instrument will now be denoted as **CARE C; ISSUER NOT COOPERATING***.

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

Analytical approach: Standalone

Detailed description of the key rating drivers:

At the time of last rating on July 21, 2023, the following were the rating strengths and weaknesses.

Key Weaknesses

Project execution and funding risk

Company is developing 1 tower in Mumbai. Total 160 commercial units and 7 retail units will be developed over total saleable area of 296,000 sq. ft. As on March 12, 2020, company has purchased land however the construction is yet to commence. Therefore, the completion of the construction work in timely manner needs to be seen. The total cost of the project is Rs. 241.65 crore and till March, 2020, the total expenditure of Rs.42.99 crore (18% of the total project cost) was incurred which was funded through contribution from promoters of Rs.21.99 crore and optionally convertible debenture of Rs.21.00 crore. Moreover, going forward, for the balance cost of the project amounting to Rs.198.66 crore, the company is dependent on promoters' balance contribution of Rs. 31.90 crore and balance of Rs. 166.76 crore through customer advances. Therefore, going forward timely arrangement of the above funds to complete the project without any cost and time overrun coupled with receiving of the commencement certificate and occupation certificate would be critical from the credit perspective.

Marketing risk

KEPL is expecting an average rate of Rs. 17,087 per sq. ft. which is reasonable considering the prices prevailing of new projects in the nearby area. Company has not yet sold any unit and received advances. Therefore, going forward the timely monetization from saleable area would be critical which is highly dependent on the successful sale and customer advances to be received from the booked units. Thus, any delay in the receipt of funds from customers, ability to achieve timely sales at envisaged rates given competition from other players in the surrounding vicinity will be crucial. However, the marketing risk is mitigated to a certain extent on account of prime location of the project undertaken as well as past experience of the promoters to undertake such projects.

Cyclical nature of the real estate industry

The real estate in India is highly fragmented and is capital intensive in nature. The life cycle of a real estate project is long and the state of the economy at every point in time, right from land acquisition to construction to actual delivery, has an impact on the project. This capital-intensive sector is extremely vulnerable to the economic cycles. Adverse movement in interest rate affects the real estate players in both ways by hampering demand as well as increasing the cost of construction. The expectations of many developers have been able to hold on to the prices so far. However, given the considerable inventory levels which direction the price graph goes remains to be seen.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Key strengths

Experienced promoters and presence in established group in real estate industry

Directors Mr. Priyal Patel and Mr. Pratik Patel have more than a decade of experience in the real estate industry. Further, the company is part of group Rajesh Lifespaces which has established presence in the real estate industry over five decades. Group has developed several projects over 9.1 million sq. ft. of land in Mumbai over the years.

Location advantage

KEPL's project is located in Vikhroli, Mumbai, being well established location and is well connected through railways and roadways with proximity to other day to day necessities. Nonetheless, its ability to monetize in timely manner amidst the cyclical nature of industry and avoid cash flow mismatches shall be critical from credit perspective.

Liquidity: Stretched

The liquidity position of the company remained stretched marked by inadequate accruals vis-à-vis repayment obligations and company is paying its dues by way of unsecured loans from promoters and related parties.

Applicable criteria

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

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Rating methodology for Real estate sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Realty	Realty	Residential, Commercial Projects

Krishna Enterprises Private Limited (KEPL) was incorporated in 2010 by Patel family as a private limited company and is currently managed by directors, Mr. Priyal Patel and Mr. Pratik Patel, engaged in real estate development.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	0.00	0.00	NA
PBILDT	-0.05	-0.09	NA
PAT	-0.05	-0.17	NA
Overall gearing (times)	Negative	Negative	NA
Interest coverage (times)	Negative	Negative	NA

A: Audited NA: Not available, Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

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

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Debentures-Non Convertible Debentures (Proposed)	-	-	-	-	21.00	CARE C; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Debentures-Non Convertible Debentures (Proposed)	LT	21.00	CARE C; ISSUER NOT COOPERATING*	-	1)CARE C; ISSUER NOT COOPERATING* (21-Jul-23)	1)CARE C; ISSUER NOT COOPERATING* (10-Aug-22)	1)CARE C; ISSUER NOT COOPERATING* (16-Aug-21) 2)CARE C (11-Jun-21) 3)CARE B-; Stable (01-Apr-21)

*Issuer did not cooperate; based on best available information.

LT: Long term

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not applicable**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non Convertible Debentures	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

Media Contact Name: Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 91 22 6754 3444 E-mail: ankur.sachdeva@careedge.in	Analytical Contacts Name: Akhil Goyal Director CARE Ratings Limited Phone: +91-22 6754 3590 E-mail: akhil.goyal@careedge.in Name: Ashish Kambli Associate Director CARE Ratings Limited Phone: +91 - 22 - 6754 3597 E-mail: Ashish.k@careedge.in Name: Aditya Bhujbal Analyst CARE Ratings Limited E-mail: aditya.bhujbal@careedge.in
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About us:

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