

## Golden Guild Properties Private Limited

November 04, 2024

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Non-Convertible Debentures	335.00	CARE B+; Stable	Assigned

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The rating assigned to the proposed debt instrument of Golden Guild Properties Private Limited (GGPPL) is constrained on account of the pending execution of the agreement with an equity partner, significant project execution and funding risk emanating from pending approvals and pending financial closure, and litigation on the land parcel. The company is also exposed to inherent cyclicity associated with the real estate sector.

However, rating derives comfort from the experienced management having significant experience in real estate industry and strategic location of the project.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Execution of agreement with equity partner and improvement in development progress of project.

#### Negative factors

- Significant time or cost over-run in project implementation.

### Analytical approach: Standalone

#### Outlook: Stable

Stable outlook reflects CARE Ratings' expectation of timely execution of agreement with equity partner, considering extensive experience of promoters in the industry.

### Detailed description of key rating drivers:

#### Key weaknesses

#### Pending execution of agreement with equity partner:

The company is in advance stage of signing a definitive agreement with an equity partner for development of the commercial project at BKC on area sharing basis. The total leasable area of the project is estimated at around 2 msf. Of which, 0.3 msf will be allotted to the landowners in consideration for the land. Golden Guild will be responsible for development of landowners area and will also be responsible for excavation and obtaining project approvals for the remaining area by June 2025. Entire development of the remaining area will be the responsibility of the equity partner.

The project will be funded through a mix of debt and funds from equity partner. Hence, timely execution of agreement and receipt of funds from equity partner will be critical from credit perspective and will be a key rating monitorable.

#### Litigation on land parcel:

There is a litigation on the land parcel and the group is in discussion with them to find an amicable solution. GGPPL is expected to settle with the concerned persons/entities. No area will be given to the concerned persons/entities in the project being launched at BKC. The cash outflow towards settlement is not likely to have material impact on financial risk profile of the company. However, the same will be a key rating monitorable.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

### Pending financial closure:

The project shall be funded through a mix of equity infusion, NCDs and debt. Financial closure for the project has not yet been achieved, exposing it to financial risk. However, the company is in advanced stage of discussion to raise funds. The company is planning to raise Rs.335 crore in the form of NCDs, which will be utilised towards project expenses of Rs.185 crore and repayment of existing OCDs of Rs.150 crore (including premium). If OCDs are converted to equity, then the company will raise NCD of Rs. 185 Cr.

### Inherent risk associated with cyclical nature of real estate industry:

The company is exposed to cyclical nature associated with the 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 highly depends on the property markets. A high-interest rate scenario could further discourage consumers from borrowing to finance real estate purchases and might depress the real estate market. This could adversely impact cash flow, and hence, remains monitorable.

### Key strengths

#### Strong Promoter:

Golden Guild Properties Private Limited (GGPPL) is ultimately held by Mr. Rasesh Kanakia and Mr. Himanshu Kanakia promoters of Kanakia group. Over the last 3 plus decades, Kanakia group has developed more than 82 projects in and around Mumbai with over 146 lsf of development.

#### Favourable location of project:

The project is at Bandra Kurla Complex (BKC), Mumbai. The company will benefit from attractive property location, which remains in proximity to the Western Express Highway and Eastern Express Highway of the Mumbai Metropolitan Region. The micro-market houses leading domestic and global corporates, and banking and financial sector organizations. Considering prime location, execution of agreement with equity partner is expected to materialize

#### Liquidity: Adequate

There are no debt commitments in near term. As on September 30, 2024, the company has existing OCDs of Rs.100 crore, which is likely to get converted to equity. If not converted, the same is payable by January 2025, and will be paid through the proceeds of proposed NCDs. Further, the proposed NCDs is likely to have a moratorium of 15 months and post that will be paid through funding from equity partner.

Additionally, comfort is drawn from the company being a part of Kanakia Group, which aids to its financial flexibility.

**Assumptions/Covenants:** Not Applicable

**Environment, social, and governance (ESG) risks:** Not Applicable

### Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Rating methodology for Debt backed by lease rentals](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Realty	Realty	Residential, Commercial Projects

Incorporated in April 2004, Golden Guild Properties Private Limited, is a part of Kanakia group and is engaged in the development of real estate projects. The company is in advance stage of signing a definitive agreement with an equity partner for development of the commercial project at BKC. The project is likely to be developer under a JV with Golden Guild and equity partner being the JV partners.

As per the agreement, Golden Guild is responsible for excavation and obtaining project approvals, and the entire project will be developed by the equity partner. The company plans to complete excavation and obtain the required approvals by June 2025.

**Brief Financials:** Not applicable as project stage entity

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Debentures-Non Convertible Debentures	-	Yet to be placed	-	-	335.00	CARE B+; Stable

#### Annexure-2: Rating history for 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	LT	335.00	CARE B+; Stable				

LT: Long term

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

#### Annexure-4: Complexity level of 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 complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

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### About us:

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