

## Rajshree Corporation

April 22, 2021

### Rating

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Rating Action
Long Term Bank Facilities	12.00	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; Outlook: Stable)
<b>Total Bank Facilities</b>	<b>12.00</b> <b>(Rs. Twelve Crore Only)</b>		

*Details of facilities in Annexure -1*

### Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated March 11, 2020, placed the rating of Rajshree Corporation (RCN) under the 'issuer non-cooperating' category as RCN had failed to provide information for monitoring of the rating as agreed to in its Rating Agreement. SFPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated November 25, 2020, January 08, 2021 and February 18, 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 ratings.***

The ratings have been revised on account of non-availability of requisite information. The rating takes into account its project implementation risk coupled with salability risk related to on-going real estate project. The rating further remains constraint on account of presence of the entity in a cyclical and highly fragmented real estate industry along with constitution as a partnership firm. The rating, however, derive strength from long diversified business experience of the partners.

### Detailed description of the key rating drivers

*At the time of last rating on March 11, 2020 the following were the rating strengths and weaknesses (updated for the information available from Gujarat RERA website):*

#### Key Rating Weaknesses

##### Project implementation risk

RSC started construction activities of its commercial real estate project named 'Rajshree City Centre' from November 2018 and till March 06, 2021, the firm has completed 49% of project construction work and thereby majority cost of 51% is yet to be incurred. This reflects project implementation risk.

##### Risk related to selling of un-booked space of the project

RSC has received 9 booking for 'Rajshree City Centre' as on March 06, 2021 as against 49% of construction completed and thereby risk associated with firm's ability to sell the un-booked space in a timely manner would also be remain crucial.

##### Presence in a cyclical and highly fragmented real estate industry

The life cycle of a real estate project is generally long and the state of the economy at every point in time is changing, right from land acquisition to construction to the actual delivery. All these have an impact on the project. This capital intensive real estate sector is extremely vulnerable to the economic cycles.

##### Constitution as a partnership firm

RSC being a partnership firm is exposed to inherent risk of the partners' capital being withdrawn at the time of contingency which may put pressure on financial flexibility of the firm.

#### Key Rating Strengths

##### Experienced partners

RSC has been promoted by experienced partners who are holding long diversified business experience.

### Liquidity: Stretched

Liquidity position of RSC remained stretched marked by lower booking status as the firm got bookings for 9 units out of 241 units to be constructed for the project "Rajshree City Centre" as against 49% of construction has already been completed towards the project implementation till March 06, 2021.

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications; \*Issuer did not cooperate; Based on best available information

**Analytical approach:** Standalone

**Applicable Criteria**

[Policy in respect of Non-cooperation by issuer](#)

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

[Criteria on assigning Outlook and Credit Watch to Credit Ratings](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

[Rating Methodology - Real Estate Sector](#)

**About the Firm**

Surat (Gujarat) based, RSC was established as a partnership firm during August 2018 by Mr. Ankitkumar Savaliya, Mr. Ravi Kumar Davariya, Mr. Harikrushna Patel, Mr. Rameez Ahmd Tapali, Mr. Mohmed Hussain Tapali and Mr. Mohmed Saeed Tapali. RSC is currently executing a commercial project named 'Rajshree City Center' (RERA Registration No. PR/GJ/SURAT/SURAT CITY/SUDA/CAA04157/291118) with 241 units at Surat. The implementation of Rajshree Corporation commenced from November 2018 onwards.

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

**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-Cash Credit	-	-	-	12.00	CARE B-; Stable; ISSUER NOT COOPERATING*

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

**Annexure 2: Rating History for 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 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Fund-based - LT-Cash Credit	LT	12.00	CARE B-; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (11-Mar-20) 2)CARE B; Stable (10-Apr-19)	-

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

**Annexure 3: Complexity level of various instruments rated for this Firm**

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	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:**

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**