

Rajshree Corporation

March 11, 2020

Rating

Facilities	Amount (Rs. crore)	Ratings ¹	Rating Action
Long Term Bank Facilities	12.00	CARE B; Stable; ISSUER NOT COOPERATING* (Single B; ISSUER NOT COOPERATING*)	Issuer not co operating; Based on best available information
Total Facilities	12.00 (Rupees Twelve crore only)		

Details of instruments/facilities in Annexure -1

CARE has been seeking information from Rajshree Corporation (RSC) to monitor the rating vide e-mail communications/letters dated January 2, 2020, January 16, 2020, February 6, 2020, February 17, 2020, February 25, 2020 and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the rating. 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. The rating on RSC's bank facilities will now be denoted as **CARE B; Stable; 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).

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 key rating drivers

At the time of last rating on April 10, 2019 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 December 05, 2019, the firm has completed 31% of project construction work and thereby majority cost of 68% is yet to be incurred. This reflects project implementation risk.

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

RSC has received 7 booking for 'Rajshree City Centre' as on December 05, 2019 as against 31% 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 7 units out of 241 units to be constructed for the project "Rajshree City Centre" as against 31% of construction has already been completed towards the project implementation till December 05, 2019.

¹Complete definition of the ratings assigned are available at www.careratings.com and 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](#)

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

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

[Financial ratios – Non-Financial 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 consisting total area under development of 1,25,991 square feet. 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 not cooperating; Based on best available information

*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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Cash Credit	LT	12.00	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE B; Stable (10-Apr-19)	-	-	-

*Issuer did not cooperate; Based on best available information

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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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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