



## Press Release

### Atithi Gokul Construction LLP (AGCL)

March 5, 2024

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facility	75.00	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Assigned	Simple
Total	<b>75.00</b> <b>(Rupees Seventy Five Crore Only)</b>			

Details of Facilities are in Annexure 1

#### Detailed Rationale

The ratings assigned to the bank facilities of Atithi Gokul Construction LLP (AGCL) factors in extensive experience of partners, favourable project location, healthy booking status coupled with tie-up with Tata Project Limited for project execution and maintenance of DSRA. However, these rating strengths are constrained due to geographical concentration risk, project implementation risk, exposure to risks relating to cyclical in real estate industry and risk associated with the inherent nature of the partnership constitution of the firm

#### Key Rating Sensitivities:

##### Upward Factors

- Timely receipt of customer advances
- Improvement in financial risk profile
- Scheduled completion of ongoing projects

##### Downward Factors

- Significant delay in disbursement of committed lines of funding
- Weaker than anticipated sales performance and lower than expected collections which may lead to increased funding risk.
- Time and cost overrun in the project
- Withdrawal of the capital by partners leading to deterioration of the overall capital structure of the firm



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### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Extensive experience of the partners in real estate industry**

AGCL is promoted by Mr. Bhavanbhai Bharwad, Mr. Vikrambhai Bharwad and Mr. Harsh Bharwad. The promoters have a satisfactory record of executing residential and commercial real estate projects since two decades. Partners of the firm have completed many projects in recent past and experience of more than ~2.50 million square feet of construction work.

- **Location advantage of the project**

The project “Highline Phase I” is located in GOTA, Near Sarkhej – Gandhinagar Highway, which is well connected to various key city locations which includes Vaishnodevi, Adalaj and Gandhinagar. The site is also well connected by different modes of transportation and is in proximity of various civic amenities – a prime factor relevant to such projects which additionally increase project attractiveness.

- **Healthy booking status, coupled with tie – up with TATA Project Limited for project management of Highline Phase I**

The Project “Highline Phase I” consist of 117 residential units and 25 commercial units out of which firm has booked 79 residential and 12 commercial units as on January 31<sup>st</sup> 2024 which reflects 64% booking of the project. Further, AGCL has done tie up with TATA Projects Limited as a project management consultant for pre and post construction activity which will be managed by the expert team.

Involvement of TATA Project Limited will ensure timely execution of the project and meeting the desired quality standards .

- **Maintenance of DSRA**

AGCL also maintains a DSRA equivalent to three months interest and principal repayments for rated bank facilities of Highline project which provides additional comfort over the repayments of interest/debt



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### Key Rating Weaknesses

- **Exposure to risks relating to cyclicalities in real estate industry:**

Cyclicalities in the real estate segment could lead to fluctuations in cash inflow because of volatility in realisation and salability. This may impact the debt servicing ability of AGCL. AGCL will remain susceptible to the inherent cyclicalities in the real estate sector.

- **Geographical concentration risk**

Since the project of the firm is being executed in Ahmedabad, Gujarat, it is exposed to geographical concentration risk. The fortune of the projects therefore will depend on the overall market sentiment in the region.

- **Project Implementation Risk**

The project is in the construction stage which indicates a high degree of project implementation risk. As on December 2023, only ~45% of the physical construction of the project has been completed and timely completion of the project would be the key monitorable. However, the group has vast experience in real estate sector which imparts some comfort.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Criteria of assigning rating Outlook](#)

[Rating Methodology for Real Estate Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Default recognition criteria](#)



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### **Liquidity – Adequate**

AGCL is projected to maintain an adequate level of inflow and the same is expected to increase gradually with increase in bookings. In addition, availability of escrow mechanism along with DSRA account will support the smooth repayments. Further, the firm is likely to benefit from the resourcefulness of the partners' group. Overall liquidity position is expected to be adequate.

### **About the Company**

Incorporated in 2020, M/s Atithi Gokul Construction LLP (AGCL) is a Limited Liability Partnership firm, which is engaged in the business of construction of a residential and commercial project "Highline Phase I" in Ahmedabad. The project is a high end residential and commercial project located in one of the posh area GOTA, near Sarkhej Gandhinagar highway. The project consist of 117 residential units and 25 commercial shops. AGCL is headed by its partners Mr. Bhavan Bharwad, Mr. Vikram Bharwad and Mr. Harsh Bharwad. Partners of the LLP are family members and engaged in real estate business for many years and successfully delivered multiple real estate projects aggregating to 24.58 lakh sq.ft. constructed area.

### **Financials (Standalone)**

(Rs. crore)

<b>For the year ended / As On*</b>	<b>31-03-2022 (Audited)</b>	<b>31-03-2023 (Audited)</b>
Total Operating Income	0.30	0.00
EBITDA	-0.25	0.02
PAT	0.00	0.22
Total Debt	22.73	22.73
Tangible Net Worth	0.01	28.80
<b>Ratios</b>		
EBITDA Margin (%)	NM	NM
PAT Margin (%)	-0.02	96.81
Overall Gearing Ratio(x)	NM	NM

\*As per Infomerics' standards

\*\*NM stands for Not Meaningful

**Status of non-cooperation with previous CRA: Nil**



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Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Term Loans	Long Term	75.00	IVR BBB-/ Stable	-	-	-

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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks. Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loans	-	-	December 2027	75.00	IVR BBB-/Stable

**Annexure 2: List of companies considered for consolidated analysis: Not Applicable.**

**Annexure 3: Facility wise lender details** <https://www.infomerics.com/admin/prfiles/Len-AGCLLP-05032024.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).