



Press Release

Basil Infraspac LLP

December 28, 2022

Ratings

Facilities	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	65.00	IVR BB-/ Stable (IVR Double B Minus with Stable Outlook)	Assigned	Simple
Total	65.00 (Rupees Sixty Five crore only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to the bank facilities of Basil Infraspac LLP (BILLP) derives strength from long track record of the Krupal group in real estate sector, strategic location of the ongoing project 'Krupal Pathshala City Centre', and achievement of financial closure for the same. The rating strengths are, however, tempered by the project implementation risk, low sales velocity and inherent cyclical nature of the real estate sector.

Key Rating Sensitivities:

Upward Factors

- Progress of the project as per the schedule
- Substantial increase in the sale of units leading to adequate cash flow generation.

Downward Factors

- Any cost or time overrun in completing the ongoing project
- Lower than anticipated booking status
- Weaker-than-anticipated sales performance and lower-than-expected collections/ customer advances leading to cash flow mismatches.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Long track record of the group in real estate sector



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BILLP is part of Krupal Group. Krupal Group was established in the year 2010 and is engaged in execution of real estate projects both in the residential and commercial space near Bagodara and Ahmedabad. Krupal Group has executed around 12 lakh square feet of construction in form of residential and commercial project. Further, it is in the process of execution of real estate projects to the tune of around 7 lakh square feet of construction in form of residential and commercial projects. The group till date has successfully executed 7 projects in Ahmedabad and is currently executing 2 more projects at Ahmedabad.

Strategic location of the project

The firm is developing a real estate project called 'Krupal Pathshala City Center' in commercial segment, located at most premium and centralized location of Ahmedabad in Ashram Road. It is strategically located at Ashram Road which harbours offices of the Reserve Bank of India and Income Tax Department. Many companies like The Times of India, RTO, All India Radio, etc. have their offices at Ashram Road. Apart from commercial buildings, it is also the most preferred destination for elite residential projects, shopping complexes and grand showrooms.

Funding tie-ups for under construction project Krupal Pathshala City Centre.

The total estimated cost of the project is Rs.153.27 crore to be funded by partners' capital and unsecured loans from partners of Rs.48.78 crore, term loan of Rs.65.00 crore and customer advances of Rs.39.49 crore. The firm has received sanction of term loan of Rs.65.00 crore from bank, thereby reducing funding risk to an extent. Further, the firm has incurred total cost of Rs.84.05 crore as on October 3, 2022, funded by partners' contribution and unsecured loans from partners of Rs.48.84 crore, term loan of Rs.17.71 crore, advances from customers of Rs.13.87 crore and creditors of Rs.3.63 crore.

Key Rating Weaknesses

Project implementation risk

Out of total envisaged project cost of Rs.153.27 crore, the firm has incurred total cost of Rs.84.05 crore as on October 3, 2022, funded by partners' contribution of Rs.48.84 crore, term loan of Rs.17.71 crore, advances from customers of Rs.13.87 crore and creditors of Rs.3.63 crore. The firm has sold 123 units out of total 435 units under construction and collected Rs.13.87 crore till October 3, 2022. Although the project is on its schedule, project implementation risk remains as the cost incurred on construction stood at ~46% as on November 30, 2022. A continuous flow of customer advances is essential for smooth physical



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progress of the project which will depend on the firm's ability to sell at attractive prices. The partners' vast experience in the real estate development along with group's track record of delivering various residential and commercial projects in the past mitigates the risk to an extent.

Low sales velocity

The firm has reported low sales velocity in its project as the sales booking percent of 28% as on September 30, 2022. As explained earlier, the partners' vast experience in the real estate development along with the past track record of group in delivering various residential and commercial projects mitigates the risk to an extent.

Inherent cyclical nature of the real estate sector

BILLP is exposed to the cyclicity 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 is highly dependent on property markets. A high interest rate scenario could discourage the consumers from borrowing to finance the real estate purchases and may depress the real estate market.

Analytical Approach: Standalone

Applicable Criteria:

[Criteria of assigning Rating Outlook](#)

[Rating Methodology for Real Estate Entities](#)

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

Liquidity: Adequate

The project under development by BILLP is funded by a combination of debt, customer advances and promoter funds. The firm is projected to have moderate cash cover to service its debt obligations as evidenced by unity cash flow coverage ratio of the project during the project tenure. On an overall basis, projected cash flow appears to be adequate.

About the company

BILLP was established in the year 2019 and is engaged in real estate development in Ahmedabad. Its current project is a commercial project named as 'Krupal Pathshala City



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Centre' located in Ahmedabad. The project consists of total 435 commercial units (32 Shops at ground floor and 403 offices at 1st to 8th floor) on a structure of 3 Basement and Ground plus 8 floors with a built-up area of 4.24 square feet. The partners of the firm are Mr. Devang V. Parikh, Mr. Tarang S. Parikh and Mr. Bhaskar Labhshankar Vyas.

Financials (Standalone):

(Rs. crore)

For the year ended / As On*	31-03-2021 (Audited)	31-03-2022 (Audited)
Total Operating Income	-	-
EBITDA	1.79	0.02
PAT	-	-
Total Debt	14.18	-
Tangible Net worth (including Quasi Equity)	26.01	47.17
Ratios		
EBITDA Margin (%)	-	-
PAT Margin (%)	-	-
Overall Gearing Ratio (based on tangible networth including quasi equity) (x)	0.55	-

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No	Name of Instrument/ Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Term Loan	Long Term	65.00	IVR BB-/ Stable	-	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Limited (Infomerics) was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

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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 Loan	-	-	December 31, 2026	65.00	IVR BB-/ 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-Basil-Infraspac-dec22.pdf>



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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.