



Press Release

Gokulam Shelters Private Limited

09 October, 2017

Rating Upgraded

Total Bank Facilities Rated*	Rs. 14.00 Cr.
Long Term Rating	SMERA B+ / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has upgraded the long-term rating of '**SMERA B+**' (read as **SMERA B plus**) on the Rs. 14.00 crore bank facilities of Gokulam Shelters Private Limited. The outlook is '**Stable**'.

The rating upgrade is in view of the ramping up of project execution, significant operational and financial support from the ISKCON group and related entities, expected to continue till the project is complete.

The Bangalore-based Gokulam Shelters Private Limited (GSPL), incorporated in 2010 was promoted by Foundation for Conservation of Indian Heritage Eco city Development, part of the ISKON Group. The company undertakes construction of temples, cultural centres, and theme parks exclusively for International Society for Krishna Consciousness (ISKCON) Bangalore and other entities that are part of the Hare Krishna movement. Currently, GSPL is in the process of executing the Krishna Leela Park (KLP) project which entails construction of a tower to house a temple, 140 villas, a cultural centre and theme park. ISKCON, otherwise known as the Hare Krishna movement, was founded by Srila Prabhupada.

Key Rating Drivers

Strengths

- **Experienced promoters**

GSPL is led by Mr. Madhusudan S, Mr. S Chandrasekhar, Mr. Y N Sheshadri and Mr. Amit Chhabra. The Directors possess around two decades of experience in the real estate sector and are full time missionaries of the Hare Krishna Movement. The management has executed several projects at Bangalore such as Sri Radha Krishna Chandra Temple, Cultural Centre at Rajajinagar, Gokulam Complex at Doddakallasandra among others.

- **Operational and financial support by the ISKCON Group**

The company acts as a Special Purpose vehicle of ISKCON Bangalore for construction of temples, cultural centres and theme park. The funding of Krishna Leela Park project is fully backed by internal sources and unsecured loans from supporters and entities of ISKCON group. Further, the ISKCON group entities have extended corporate guarantees to GSPL. SMERA believes that the credit profile of GSPL will remain healthy owing to the operational and financial support from the group.

- **Non-commercial projects**

GSPL is entrusted with the responsibility of developing the KLP project. Since the main objective of GSPL is to implement projects of ISKCON Bangalore at various locations across India, the company is not a commercial developer.

Weaknesses

- **Project implementation risk**

The ongoing project, Krishna Leela Park by Hare Krishna Movement- Vrindavan is expected to be completed by 2020. GSPL books revenue after completing the projects. Since only 30 per cent work on the project is complete, the company is exposed to project implementation risk.

• Average financial riskprofile

GSPL is not a commercial real estate developer. However, it has earned revenue of Rs. 19.51 crore in FY2016 which includes Rs.12.56 crore from its joint development agreement with the Mantri group and Rs.6.65 crore - revenue earned from trading of land. The company reported net profit of Rs. 1.82 crore in FY2017 compared with Rs. 0.25 crore in FY2016. The net worth stood at negative Rs.6.86 crore as on 31 March, 2016. The net cash accruals stood at Rs.0.28 crore in FY2017. The company has availed cash credit facility of Rs.14.00 crore to meet its working capital requirements. Around 75 per cent has been utilised during the six months ended April 2017. The company has not availed long term debt from banks/financial institutions as on date.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of GSPL.

Outlook: Stable

SMERA believes that GSPL will maintain a stable outlook in the medium term owing to the extensive experience of the promoters and support from the ISKON group. The outlook may be revised to 'Positive' in case of successful completion of the project. Conversely, the outlook may be revised to 'Negative' in case of delay in executing the project or delayed support from the ISKON group.

About the Project

The Krishna Leela Park (KLP) project is located at Vrindavan – Mathura Dist, Uttar Pradesh. About 30 percent construction work is complete with the rest expected to be over by August, 2020. The total project cost is Rs.294 crore, to be funded through internal sources and sale of villas in the vicinity of Krishna Leela Park. The company expects revenue of Rs. 303 crore.

About the Rated Entity - Key Financials

For FY2017 (Provisional), GSPL reported net profit of Rs.1.82 crore on operating income of Rs.4.12 crore against net profit of Rs.0.25 crore on operating income of Rs.19.51 crore in the previous year. The net worth stood at negative Rs. 5.08 crore as on 31 March, 2017 (Provisional) as against negative Rs. 6.86 crore in the previous year.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
20-Jun-2016	Cash Credit	Long Term	INR 14	SMERA B / Stable

*Annexure – Details of instruments rated

Name of the	Date of	Coupon	Maturity	Size of the Issue	Ratings/Outlook
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Facilities	Issuance	Rate	Date	(Rs. Cr.)	
Cash Credit	Not Applicable	Not Applicable	Not Applicable	14.00	SMERA B+ / Stable

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ABOUT SMERA

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