

Date: 3rd May, 2019

To

**The General Manager
BSE Limited
P.J. Tower, Dalal Street
Mumbai-400001**

KW
— GROUP —
for touching heights

Ref: **K World Estate Private Limited NCDs bearing Script Code. 954662 and ISIN No. INE261V07013**

Sub: **Credit Rating pursuant to Regulation 55 of SEBI (Listing Obligation and disclosure Requirements) Regulations, 2015**

We hereby intimate that in compliance of Regulation 55 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company had reviewed its credit rating from CARE Rating Agency on March 27, 2019. The Copy of the same is also attached for your record.

Kindly take the same on your records.

Thanking You,

For K World Estate Private Limited





**(Goloka Behari Padhi)
Company Secretary & DGM (A&F)/Compliance Officer
M.No - FCS7949**

Encl A/a



K World Estate Private Limited

Corp. Office : B-97, Sector-63, Noida, U.P. Pin- 201301, Tel.: 0120-4804747, Fax: 0120-4804748, E-mail: info@kworldgroup.com
Regd. Office : B-2/4, Plot No.-2, Ashok Nagar, DB Gupta Road, Near Faiz Chowk, Karol Bagh, New Delhi- 110005, INDIA
CIN - U70109DL2010PTC206336



Mr. M.S. Prasad
DGM
K World Estate Pvt Ltd
B-97, Sector-63,
Noida, U.P.

No. CARE/DRO/RL/2018-19/4139

March 27, 2019

Confidential

Dear Sir

Credit rating for Outstanding Non-Convertible Debenture issue

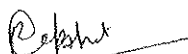
On a review of recent developments including operational and financial performance of your company for FY 18 (Audited) and 10MFY19 (Provisional), our Rating Committee has reviewed the following rating:

Instrument	Amount (Rs. crore)	Rating ¹	Rating Action
Non-Convertible Debenture	14.00 (reduced from 55.00)	CARE BB+; Stable (Double B Plus; Outlook: Stable)	Reaffirmed
Total	14 (Rs. Fourteen crore only)		

- The NCDs are repayable by June 2020 in 4 quarterly installments of Rs 17.00 crore starting from September 2019
- Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors

- The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as Annexure. We request you to peruse the annexed document and offer your comments if any. We are



¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

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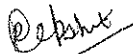
doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by March 28, 2019, we will proceed on the basis that you have no any comments to offer.

5. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
6. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instrument, CARE shall carry out the review on the basis of best available information throughout the life time of such instrument. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
7. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
8. CARE ratings are **not** recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

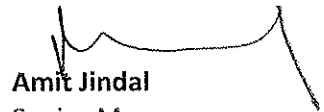


Rakshit Jain

Analyst

rakshit.jain@careratings.com

Encl.: As above



Amit Jindal

Senior Manager

amit.jindal@careratings.com

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating/outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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13th Floor, E-1 Block, Videocon Tower, Jhandewalan Extension, New Delhi - 110 055.
Tel: +91-11-4533 3200 • Fax: +91-11-4533 3238 • www.careratings.com • CIN-L67190MH1993PLC071691

Annexure
Press Release
K World Estate Pvt Ltd

Rating

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Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating assigned to the NCDs of K World Estate Pvt Ltd (KWEPL) takes into account, experience of the promoters, project completion with receipt of occupancy certificate & improvement in financial risk profile due to prepayment of NCDs.

The rating however continues to remain constrained on account of high overall gearing, & inherent risk associated with the real estate industry.

Going forward, any major new debt funded real estate project will be a key rating sensitivity.

Detailed description of the key rating drivers

Key Rating Weaknesses

Limited scale of operations

The company has been executing only single project 'KW Srishti at Ghaziabad, which is completed and delivered. The company has incurred 98% of the total project cost and has sold 96.86% of inventory out of the total available inventory. Presently the company is not planning to take any project in the near term. However given the subdued real estate industry scenario, any major new debt funded project would be a key rating sensitivity.

High overall gearing

Overall gearing ratio stood at 5.46x as on Mar 31, 2018 (PY: 8.58x as on Mar 31, 2017). Overall gearing ratio stood high due to NCD's outstanding as on March 31, 2018 of Rs.49.90cr (PY:Rs.66.88cr). However, due to healthy collections from the project company has prepaid its NCD to the extent of Rs.54cr as on March 22, 2019.

²Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Inherent risk associated with the real estate industry - Industry Risk

The real estate sector is moving towards a more rational regime where developers, having learnt from their mistakes, now focus on project execution and delivery. 2019 is expected to gradually move towards better home sales and see a spurt in launches in some locations. The year will also see the sector moving from an investor-driven to an end-user driven cycle.

As per market sentiments the India Real Estate Market may not witness a sharp reversal in 2019 as the sector continues to remain troubled with issues of high unsold inventory, delayed delivery of projects and financial stress on developers. Thus, the broader market opinion is that while the long term story for residential market remains strong; the short term is expected to be sluggish.

Key rating strengths

Experienced promoters

KWEPL is part of the Delhi based KW group which is engaged in construction and real estate development in Delhi and NCR region. KW group is promoted by Mr. J. L. Kesarwani (retired from Indian Air Force) having 2 decade of experience in real estate and construction industry. The group has already completed four residential projects having total saleable area of 28.57 lsf in National Capital Region including both the phases of KW Srishti project.

Advanced level of project progress

The company is currently developing a project 'KW Srishti', which is a group housing project located at Raj Nagar Extension, Ghaziabad. The project is spread across total land area of 10.05 acre (owned by promoter group company, Dingle Buildcon Pvt. Ltd.) and comprises of 1,505 units (1BHK/2BHK/3BHK/4BHK and pent houses) having 18.21 lsf saleable area. The project has 11 towers with Phase-I consisting of 4 towers & Phase-II consisting of the remaining 7. The company has completed construction of the project in May, 2017 with total incurred cost of Rs.512cr as on Jan 31, 2019 which accounts for 98.46% of the estimated cost. (Last review: 98% cost incurred as on 31st Jan 2018).

On bookings front, KWEPL made net sales of 1.46 lsf area during the 12 months period ended Jan-19, taking total area sold to 17.64 lsf as on same date (16.18 lsf sold till Jan-18). Further, collections during the same period stood at Rs.46.17cr.

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Prepayment of debt

Due to the healthy collection and completion of the project the company has already prepaid major portion of its NCD to the extent of Rs.54cr and has outstanding NCD's of Rs.14cr as on March 22, 2019 and has surplus Fixed deposit of Rs.8.50cr as on March 22, 2019.

Analytical approach: Standalone

Applicable Criteria

Criteria on assigning Outlook to Credit Ratings

CARE's Policy on Default Recognition

Financial ratios – Non-Financial Sector

About the Company

Incorporated in 2010, K World Estate Pvt. Ltd. (KWEPL; U70109DL2010PTC206336) is a part of Delhi based KW group which is engaged in construction and real estate development in Delhi and NCR region. KW group is promoted by Mr. J. L. Kesarwani (retired from Indian Air Force) having 2 decade of experience in real estate and construction industry.

The group has already completed five residential projects having total saleable area of 28.57 lsf in National Capital Region. The group is currently executing two commercial projects located in Ghaziabad and Delhi. The group housing project 'KW Srishti' located at Raj Nagar Extn, Ghaziabad was being developed in KWEPL. Construction of the project has been completed in May 2017.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	73.67	34.72
PBILDT	5.36	4.66
PAT	1.15	0.56
Overall gearing (times)	8.71	5.58
Interest Coverage (times)	1.71	1.43

A:Audited

Liquidity Analysis

The liquidity of the company is supported by healthy collections and completion of the project due to which, the company has already prepaid major portion of its NCD to the extent of Rs.54cr and has outstanding NCD's of Rs.14cr as on March 22, 2019 and has surplus Fixed deposit of Rs.8.50cr as on March 22, 2019.

Status of non-cooperation with previous CRA: Rating Suspended by ICRA vide PR dated March 23, 2016 due to inability to carry out surveillance because of non-availability of information.

Any other information: Not Applicable

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Rating History for last three years: Please refer Annexure-2

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.

Analyst Contact:

Name: Mr. Amit Jindal

Tel: +91-45333242

Mobile: +91-9873003949

Email: amit.jindal@careratings.com

****For detailed Rationale Report and subscription information, please contact us at
www.careratings.com**

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.

Disclaimer

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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
Debentures-Non Convertible Debentures	August 16, 2016	15.5%	30/06/2020	14.00	CARE BB+; Stable

Annexure-2: Rating History of 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 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Debentures-Non Convertible Debentures	LT	14.00	CARE BB+; Stable	-	1)CARE BB+; Stable (27-Mar-18) 2)CARE BB; Stable (12-May-17)	1)CARE BB (05-Jul-16)	1)CARE BB (23-Feb-16)

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