

Rating Rationale

Ritsika Business Ventures Private Limited

19th June 2017

Brickwork Ratings reaffirms 'BWR BBB+ (SO) (Outlook: Stable)' ratings for the Bank Loan Facilities of Rs. 272.16 Cr of Ritsika Business Ventures Private Limited

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating*	
	Previous	Present		Previous	Present
Fund Based					
Term Loan	200.00	147.50	Long Term	BWR BBB+(SO) (Pronounced BWR Triple B Plus Structured Obligation) [Outlook: Stable]	Reaffirm BWR BBB+(SO) (Pronounced BWR Triple B Plus Structured Obligation) [Outlook: Stable]
	150.00	124.66			
Total		Rs. 272.16 Crores			Rupees Two Hundred Seventy Two Crores and Sixteen Lakhs Only.

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the Audited financials of upto FY16, Provisional Financials for FY17 and Projected Financials of Ritsika Business Ventures Private Limited (RBVPL) of FY18 and FY19, publicly available information and information / clarification provided by the Company's management.

The suffix (SO) to the rating indicates that the ratings takes into consideration the creditworthiness of lessee Future Retail Ltd (FRL) in turn improving its ability to perform its part on the master lease agreement.

The ratings, inter alia, continues to factor the quantum of cash flows emanating from executed long term master lease agreements between RBVPL and its respective lessees Future Retail Limited (FRL) and Future Lifestyle Fashions Limited (FLFL), escrow of the associated lease rent receivables from FRL and FLFL respectively by way of two separate unconditional & irrevocable tripartite agreements between three parties (viz. RBVPL, FRL/FLFL, and the bank) that include guarantees from FRL and FLFL for performance of respective master lease agreements, and the experienced and professional management. The ratings, however, are constrained by client and revenue stream concentration risk, lack of stipulated cushion period for pay-in (lease rent receivables) and pay-out (debt repayment) dates, moderate debt service coverage indicator, interest rate fluctuation risk, and RBVPL's limited operating track record.

Going forward, the ability of the lessee's timely compliance with the respective lease agreements, ability of RBVPL to infuse funds in case of lease rent shortfall during the tenure

of loan, effectiveness of the created escrow account, movement (improvement / deterioration) of creditworthiness of lessees, and number of such performance guarantees issued by FRL and FLFL are the key rating sensitivities.

Rating Outlook: Stable

BWR believes the **Ritsika Business Ventures Private Limited** business risk profile will be maintained over the medium term. The ‘Stable’ outlook indicates a low likelihood of rating change over the medium term.

About the Company

Ritsika Business Ventures Pvt Ltd (RBVPL) was incorporated on 21st May 2012 with an objective to focus on the business of operating lease. The Company is registered with Future Retail Limited (flagship company of Future Group), and Future Lifestyle Fashions Limited (part of Future Group) for supply of fixed assets as per their specification and requirements. The assets are in the nature of plant & machinery, furniture & fixtures, electrical installations and equipment’s, leasehold improvements, etc.

Management Profile

RBVPL is managed by thoroughly professional and experienced management which has more than two decades experience in setting up the projects & retail stores for Future Group. The Directors and key managerial persons have set-up more than 200 stores of Big Bazaar, Food Bazaar, FBB, All, Indigo Nations, KB FairPrice shops till now.

Company Financial Performance

The Company's Net Sales increased to Rs. 201.75Cr in FY16 from Rs. 48.50Cr in FY15. The Company has reported a PAT of Rs. 0.51Cr for FY16 against a loss of Rs. 0.34Cr in FY15

Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs in Cr)	Rating	2016	May 2015	Dec 2014
1	Term Loan	Long Term	147.50	BWR BBB+ (SO) (BWR Triple B Plus Structured Obligation) [Outlook: Stable]	NA	BWR BBB+ (SO)	BWR BBB (SO)
2			124.66			(BWR Triple B Plus Structured Obligation) [Outlook: Stable]	(BWR Triple B Plus Structured Obligation) [Outlook: Stable]NA



Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Structured Obligation Instrument](#)

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf. Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

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