Rating Rationale

AISHWARYAHEIGHTS INFRA PRIVATE LIMITED

March 02 2018

Brickwork Ratings assigns BWR BB- (Outlook - Stable) for the Bank Loan facilities aggregating Rs. 95.00 Crs of AISHWARYAHEIGHTS INFRA PRIVATE LIMITED ('AIPL' or the Company)

Particulars

Facility Rated #	Amount (Rs. Crs)	Tenure	Rating[1]
Fund Based **Term Loan**	**95.00**	**Long Term**	**BWR BB-** (Pronounced BWR Double B Minus) **Outlook: Stable** ***Assigned***
Total	**95.00** (Rupees Ninety Five Crores Only)		

1 Please refer to BWR website www.brickworkratings.com for definition of the ratings
Annexure I provides details of bank wise facilities

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financials of the Company upto FY17, provisional financials for 9MFY18, cash flow projections upto FY20, publicly available information and information/clarifications provided by the management.

The rating draws strength from the experience of the promoters in the civil construction industry, progress in the project and locational advantages of the upcoming mall project. These rating strengths are partially offset by the project completion risk, susceptibility of the debt servicing capability to delays/variations in rental income and targeted sales of mall space and exposure to inherent risks in the real estate sector.

Going forward, the ability of the company to complete the project without any time and cost overruns, ensure successful marketing of the retail space at projected lease rentals and sale prices, achieve the projected occupancy levels and ensure prudent management of its debt would be the key rating sensitivities.

Rating Outlook: Stable

BWR believes AIPL's business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case of significant improvement in the cash accruals driven by stable occupancy rate in the mall and significant increase in rentals. Conversely, the outlook may be revised to 'Negative' if there are significant delays in execution and sale/bookings of the project, which affect the cash flow and thereby weaken the financial risk profile.

Key rating drivers

- **Experienced Management:** The key promoter Mr. R. Chandru is a 1st Class PWD contractor with BBMP (Bruhat Bengaluru Mahanagara Palike) and has more than 15 years of experience in civil construction works

- **Project progress status**: The promoters have brought in their contribution to the project (i.e. Rs. 45.40 Crs in the form of Share Capital of Rs. 20.00 Crs and unsecured loan of Rs. 25.40 Crs). The Company has obtained all necessary approvals for the shopping mall and multiplex. The civil construction works have been completed upto the 7th floor. Currently, the Company is executing the interiors, MEP (mechanical, electrical & plumbing) and facade works and expects to achieve the DCCO within June 30 2018 as per the revised DCCO approved by the banker in March 2017. The Company has also signed a MOU with PVR Limited on Dec 11 2017 to lease out its 6th & 7th Floors for the proposed Multiplex Theatre (PVR Cinemas) with total of 5 screens and 968 seats. Space to PVR is expected to be handed over in the 2nd week of March 2018.

- **Locational advantages:** The mall project is located at the intersection of KG Road and Gandhinagar, where the Kannada Cinema Industry is located. The mall is in proximity to Vidhana Soudha, Hon'ble High Court of Karnataka, Railway station, Kempegowda bus stand and commercial areas such as Chickpet, Balepet, Cubbonpet, etc.

- **Project Implementation Risks:** The project is under construction and expected to start commercial operations from June 2018. The project's DCCO has already seen a revision from 30-09-2017 to 30-06-2018, with due approval from the banker. The ability of the Company to adhere to the revised timeline and ensure timely bookings at competitive prices would be critical as the repayment of term loan would start from July 2018.

- **Ability to achieve projected sales and occupancy Levels:** The company is yet to enter into any agreements for renting / sale of mall space The ability of the Company to achieve targeted occupancy levels, generate adequate rental income and achieve sales of its mall space as projected would be key to its debt servicing capability.
- **Exposure to inherent risks in the real estate sector**: The Real Estate Industry as a whole is experiencing a short term slowdown with decline in the new launches, high level of unsold inventory and expected price rationalization on account of recent policy measures such as RERA and GST.

Analytical approach

While assigning the ratings, BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale)

About the Company

Incorporated in Jan 2008 at Bengaluru, AISHWARYAHEIGHTS INFRA PRIVATE LIMITED was originally incorporated as CB Infrastructure & Developers Private Limited. The name of the Company was changed on 24 Dec 2010. Mr. R. Chandru and his spouse Mrs. S.T. Nalinakshi are the directors. The Company is currently constructing a commercial building (a shopping mall & multiplex named 'Aishwarya Mall'), at KG Road, Gandhi Nagar, Majestic, Bengaluru. The total built-up area of the mall is ~ 369818 sq. ft. (saleable area of 250810 sq. ft) with a Lower Basement, Upper Basement and 7 Floors. The project after completion would be partly sold (~70% of total saleable area, i.e. 179150 sq. ft. with an estimated revenue generation of Rs. 336.80 Crs over a period till FY20-21) and partly leased (~30% of total saleable area, i.e. 71660 sq. ft. with an estimated lease rental income of Rs. 11.94 Crs per year). The mall would include 5 screen multiplex theatres with 968 seats along with hypermarket, departmental stores, restaurants, entertainment zones etc. The multiplex theatre would be run by PVR Limited. The project work commenced in April 2014. The Company has entered into an agreement with Vestian Global Workplace Services Pvt. Ltd. on Dec 27 2017, to act as a leasing manager.

Financial Performance

The Company is yet to commence operations. The total cost incurred on the project is reported to be around Rs. 114.00 Crs, funded by equity/unsecured loans/internal accruals of ~Rs. 48 Crs, unsecured loans from friends & relatives of ~Rs. 30 Crs, advances from PVR Limited of Rs. 1 Crs and term loan of ~Rs. 39 Crs. Around Rs. 56 Crs of term loan is yet to be disbursed.

Rating History for the last three years:

Sl No	Instrument/ Facility	Current Rating (Feb 2018)			Rating History with BWR		
		Type	Amount (Rs. Crs)	Rating	2017	2016	2015
1.	Term Loan	Long Term	95.00	**BWR BB- Outlook: Stable**	Not Rated	Not Rated	Not Rated
Total			95.00	(Rupees Ninety Five Crores Only)			

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not applicable

Hyperlink/Reference to applicable Criteria:

- **General Criteria**
- **Infrastructure Sector**
- **Approach to Financial Ratios**

Analytical Contacts	Media
Rajee R *General Manager - Ratings* analyst@brickworkratings.com	media@brickworkratings.com **Relationship Contact** bd@brickworkratings.com
Phone: 1-860-425-2742	

(Annexure I – Details of Rated Facilities)

Name of Bank/ FI	Facility	Tenure	Amount Rated (₹ Crores)
Syndicate Bank	Term Loan	Long Term	**95.00**
		Total	**95.00**

Note - As on 31st Jan 2018, term loan disbursed by the bank was Rs. 39.13 Crs

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

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