

Press Release

Brickwork Ratings assigns ‘BWR BBB- (SO)’ for the Bank Loan Facilities of ₹ 212.37 Cr of Abhishek Developers

Brickwork Ratings (BWR) has assigned the following **Rating¹** for the Bank Loan Facilities of ₹ 212.37 Cr of Abhishek Developers

Facility	Limits (₹ Cr)	Tenure	Rating
Term Loan (Rent Receivable Loan Facility)	212.37	Long Term	BWR BBB- (SO) [BWR Triple B Minus (Structured Obligation)] Outlook: Stable
Total	212.37	(Rupees Two Hundred and Twelve Crores and Thirty Seven Lakhs Only)	

The suffix (SO) to the Rating indicates that the rating takes into account the availability of corporate guarantee of Mantri Developers Pvt. Ltd (MDPL), flagship company of the Group, escrow mechanism put in place for capturing cash-inflows, as also the assurance by the guarantor to fund any short-fall three working days before the due date (T minus 3 structure).

The rating, inter alia, factors experience and track record of the promoters, established brand name of “Mantri” in the Bangalore Real Estate market, favorable location of the Mall with expected direct Metro connectivity, high profile tenants, popularity with shoppers and high foot-falls. The rating is, however, constrained by related party transactions, inadequacy of cash-inflows to meet debt servicing obligation and dependency on MDPL to meet the short-fall, and general commercial real estate risk, which is influenced by overall economy.

Established in 2007 as a partnership-firm, and promoted by Mr Sushil Mantri, Abhishek Developers is engaged in development of realty projects. It has successfully completed the Mantri Greens – residential apartments in 2008 and ‘Mantri Square’ Mall in March 2010, located in Sampige Road, Malleswaram, Bangalore. The leasable area of the mall is 0.9 mn Sqft, and the built up area is about 1.7 million sq feet. There are 5 shopping levels (G+4) and 3 basements (7 level parking). The mall is in operation since March 2010, and currently has 100% occupancy rate. There are about 250 retail outlets, with International, National, and local retail brands. The mall has a 1,000 seater food court,

¹ Please refer to www.brickworkratings.com for definition of the Ratings

and 250,000 sft entertainment and movie zone. It averaged ~ 1.4million footfalls per month since opening, and has received ~13 awards till now.

Financials of Abhishek Developers

The Mall is let out to various tenants on varied terms, like fixed rent, revenue sharing mode with a floor, etc., apart from collecting common maintenance charges. There is very good demand for space in the Mall, and currently, it has 100% occupancy. As per Audited financials, Abhishek Developers has clocked Operating revenue of Rs 224.35 Crs in FY13, up 102% from Rs 110.91 Crs in FY 12. The Firm has registered a net profit of Rs 35.49 Crs in FY 13 against Rs 4.43 Crs in FY12.

Mantri Group

MDPL is the flagship company of the Sushil Mantri Group. The Group has ~ 45 firms/companies, which are SPVs of Mantri Developers Pvt. Ltd. The Group has completed 23 projects in Bangalore developing ~10.5 mn sq. ft. saleable area. The Group is also expanding its presence in tier 1 cities such as Chennai, Hyderabad and Pune. It has development rights on large land bank of ~2,810 acre and development potential of ~ 256 million sq. ft. There are 10 on-going projects in Bangalore plus 1 each in Chennai, Hyderabad and Pune. It has strategic investments from Morgan Stanley Real Estate Fund, Xander and ASK Property Investment Advisors Pvt. Ltd. (ASK)

Rating Outlook

Mantri Square Mall has favorable location advantage and enjoys high occupancy levels, along with reputed tenant-mix. Average foot-fall is high, which can be expected to go up further with the upcoming Metro connectivity. Flow of regular rental income from the tenants, timely renewal of leases, and the renewal lease terms are the key monitorables. Also, as the rental income itself is not adequate to meet the full debt servicing obligations, support from the parent company MDPL, which has borrowed funds from AD for group activities, by way of timely funding, is a key rating sensitivity.

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