

Rating Rationale

Brickwork Ratings Reaffirms ‘BWR BB-’ for the long term Bank Loan facilities of ₹72 Cr for Adarsh Heights Private Limited.

Brickwork Ratings has *reaffirmed* the **Rating¹** of **Adarsh Heights Private Limited’s** (AHPL or the ‘Company’) fund based long term bank loan facilities at ₹72.00 Crs at **BWR BB- (Outlook: Stable)** sanctioned by a consortium of banks led by State Bank of India. The other banker is State Bank of Hyderabad.

Facility	Present Amount(₹ Cr)	Previous Amount(₹ Cr)	Tenure	Present Rating	Previous Rating (Dated: Feb, 2014)
Term Loans	72.00	72.00	Long Term	<i>Reaffirms</i> BWR BB- (Pronounced BWR Double B Minus) (Outlook – Stable)	BWR BB- (Pronounced BWR Double B Minus) (Outlook – Stable)
Total	72.00*	72.00	(INR Seventy Two Crores only)		

* Details of the Bank Facilities are attached in annexure

BWR has principally relied upon the audited results up to FY14, provisional Statement FY15 and projected financials of FY17 to FY20, publicly available information and information/clarifications provided by the Company’s management.

The rating has factored, inter alia, the promoter’s experience in Residential housing projects and commercial projects in Jharkhand, infusion of capital, project execution going on as per schedule. However the rating is constrained by the project execution risk within time and the uncertainties associated with the cash flows as the promoters are yet to start leasing out the spaces.

Background:

Adarsh Heights Private Limited (AHPL) was incorporated on April 19, 2011. Its registered office is located at 16, Ganesh Chandra Avenue, 4th Floor, Kolkata-700 013, West Bengal. The Company has already acquired about 1.49 acres of land to set up a Multiplex cum Shopping Mall in the heart of Capital City of Jharkhand at Circular Road, Ranchi. The construction is in progress and is proceeding as scheduled. Promoters of the company are Mr. Nityananda Sonthalia and Mr. Bishnu Kumar Agarwala.

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

Management Profile:

Mr. Bishnu Kumar Agarwala is a director; he has more than 10 years of experience in the business of construction and manufacturing of Poly Bags. He is engaged in the day to day operations of Shri Ram Group, of which the Company under review is a constituent. Mr. Nityanand Sonthalia is a director and completed Master of Science in management, looks overall business planning & marketing strategy for all round growth of Shri Ram Group.

Financial Performance:

The revenues are expected to flow from FY17 as the project is likely to be completed by March 2016. The tangible net worth of the company as on March 31, 2014 stood at ₹ 36.59 Crs.

Rating Outlook:

The rating reflects the position of the Company in the construction industry. Going forward, the Company’s ability to execute projects within stipulated time, lease out the spaces at a competitive and on time remains will be the key rating sensitivities. The outlook for the Company is expected to be stable over the next one year.

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Adarsh Heights Private Limited

Bank & Loan wise break up

Annexure

Type of Facilities	State Bank of India (₹ in Cr)	State Bank of Hyderabad (₹ in Cr)
Term Loan	40.00	32.00
Total Long Term	40.00	32.00
Foreign Letter of Credit (Sub limit of Term Loan)	(7.20)	(3.20)
Total Short Term	(7.20)	(3.20)
Total	40.00	32.00