

Rating Rationale

Brickwork Ratings assigns ratings for the Bank Loan Facilities aggregating ₹ 14.27 Cr of Amit Realty Private Limited (ARPL)

Brickwork Ratings has assigned the following **Rating¹** for the Bank Loan facilities availed by Amit Realty Private Limited ('ARPL or the Company') from State Bank of India.

Facility	Limits (₹ Cr)	Tenure	Rating
Fund Based Lease rental Discounting	14.27	Long Term	BWR BBB- (SO) [Pronounced as BWR Triple B Minus (Structured Obligation)] (Outlook: Stable)
Total	14.27	INR Fourteen Crores & Twenty Seven Lakhs only	

BWR has essentially relied upon the audited financials of FY13, FY14 and FY15, Projections up to FY19, publicly available information and information/clarification provided by the management.

The above rating has been assigned to the Lease Rental Discounting (LRD) loan of Amit Realty Private Limited which is backed by the lease rentals of its 5 anchor stores, namely Big Bazaar, Max Lifestyle, PVR Cinemas, Reliance Digital and Reliance Trends.

The rating, inter alia, has factored the business experience and knowledge of the Promoters in the Real Estate Industry, LRD facility backed by the lease rentals of its anchor stores, availability of escrow mechanism, advantage with regard to the location of the mall, strong debt protection metrics, satisfactory gearing level and moderate tangible networth of the Company. However the rating is constrained by the limited track record of the Company and relatively low scale of operations.

Background:

Amit Realty Private Limited (ARPL) was incorporated in 2007. The registered head office of the Company is located in Kolkata, West Bengal. ARPL has constructed a mall in Bokaro Steel City, Jharkhand. It is the only mall in the city. The total cost of the project was ~65Cr. The mall is constructed on a land area of ~2 acres, on lease from Steel Authority of India Limited (SAIL) for 99 years and has all the usual facilities. A 70-room hotel is also under construction in the same premises. The anchor stores of the mall are Big Bazaar, PVR Cinemas, Max Lifestyle, Reliance Digital and Reliance Trends.

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

Management:

The directors of the Company are Mr. Amit Tekriwal, Mr. Dharmendra Jain and Mr. Madan Lal Jain. Mr. Amit Tekriwal, age 40 years, has more than 15 years of experience in the real estate business. He is also the director of Amit Realtors Private Limited and Amit International Realty Private Limited. Mr. Dharmendra Jain is a B.Com graduate by qualification. He has more than 24 years of business experience. Some other Companies that Mr. Jain is a Director of are Anekant Steel India Private Limited and Anekant Infracon Private Limited. Mr. Madan Lal Mohan, age 50 years, is also a B.Com graduate by qualification. He is also the Director of Mangal Metals Private Limited.

Financial Performance:

The Total Operating Income of ARPL was 16.76 Cr in FY15, including sale of constructed areas and rent receipts, registering net profit of 0.54Cr. The Tangible Net worth of the Company stood at 14.74Cr in FY15. The debt-equity ratio was 1.09 times.

Rating Outlook:

The Rating outlook is expected to be stable in near term. Going forward, the ability of the management to service the debt in a timely manner and improve the profit margins by operating at projected levels, thereby further improving the net worth of the company will be the key rating sensitivities.

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