

Press Release

Brickwork Ratings assigns “BWR BBB-” for Avantha Realty Ltd.’s Bank Loan facility of ₹59 Crores with a tenor up to six years

Bank Loan Rating: BWR BBB-

Outlook : Stable

Brickwork Ratings has assigned **BWR BBB-** (Pronounced BWR Triple B Minus) rating with stable outlook for Avantha Realty Ltd.’s (ARL or “the Company”) Bank Term Loan Facility of ₹ 59 Crores. Brickwork Ratings’ ‘**BWR BBB-**’ stands for instruments that are considered to have **moderate degree** of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.

The rating has, inter alia, factored the Company’s substantial lease/rental income and the support it receives from the group Companies. The rating is however constrained by the Company’s cumulative losses, contingent liabilities, dependence on rental and income from investments.

The proceeds of the term loan issue will be used for repayment of existing loans, construction related expenses and general corporate purposes.

During FY11 (15 Months), the Net income from operation increased from ₹ 13.86 Crore in FY2010 (12 Months) to ₹ 21.09 Crore in FY11. However, total income increased from ₹ 15.53 Crore in FY10 to ₹ 57.50 Crore which includes trading income of ₹ 29.85 Crore in FY11. (The Company has clarified that the trading income will not be any significant source of income in future). EBIDTA has increased from ₹ 12.24 Crores in FY10 to ₹ 15.04 Crore in FY11 and PAT showed improvement from ₹ 1.30 Crore in FY10 to ₹ 5.48 Crore in FY11. However, cumulative losses and contingent liabilities stood at ₹ 63.92 Crore and ₹ 365.18 Crore respectively in FY11. Contingent liabilities of the Company are mainly towards credit facility/guarantee provided to subsidiaries and other Companies.

ARL is the real estate arm of Avantha Group, was incorporated in 1981 in West Bengal in the name of Janpath Investment and Holdings Limited. In August 2009, the name of the Company was changed to Avantha Realty Limited (ARL). ARL is primarily engaged in the business of purchase, sale, ownership, development, improvement, leasing, exchange, hire or otherwise acquiring and / or disposing off lands and immovable properties of any tenure or interest and holding certain investments in group companies. ARL is having free hold and lease hold residential properties, commercial properties across the country besides huge land bank in Haryana, U.P. and Maharashtra. Mr. Gautam Thapar, along with his six nominees is having 100% shareholding in ARL.

Avantha Group is one of the India's leading business conglomerates. The Group has business interests in diverse areas, including pulp and paper, power transmission and distribution equipment and services, food processing, farm forestry, chemicals, energy, infrastructure, information technology (IT) and IT-enabled services. With an impressive global footprint, the Group operates in more than 10 countries with 20,000 employees of 20 nationalities. Group companies include Crompton Greaves Limited, India's largest power equipment company, and Ballarpur Industries Limited (BILT), India's largest paper manufacturer, both listed on the Indian stock exchanges.

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