

Rating Rationale

Brickwork Ratings assigns rating of “BWR B+ (Outlook: Stable)” for the Bank Loan Facilities amounting to ₹17.80 Cr of Lotus Infrarealty Limited

Brickwork Ratings has assigned **Ratings¹** for the bank loan facilities of ₹17.80 crores (Rupees Seventeen Crores and Eighty Lakhs Only) of Lotus Infrarealty Limited (“LIRL” or the “Company”) as follows:

Facility	Present Limits (₹ Cr)	Tenure	Rating [^]
Term Loan* (Fund Based)	17.80	Long Term	BWR B+ (Pronounced BWR Single B Plus) (Outlook: Stable)
Total	17.80	INR Seventeen Crores and Eighty Lakhs Only.	

**Term loan outstanding amount as on date 04/04/2016 has been considered for Rating.*

BWR has essentially relied upon the audited financial results up to FY15, projected financials of Lotus Infrarealty Limited up to FY17, publicly available information and information/clarifications provided by the Company’s management.

The above rating has been assigned to the loan of Lotus Infrarealty Limited for the loans availed for the construction of “Covent Court mall”.

The rating draws strength from the experience of the promoters, diversified business model in residential and commercial real estate projects, benefits derived from the group company which is in the same real estate sector, availability of escrow mechanism, locational advantage of mall and past track record in completion of projects in the various locations of Madhya Pradesh. However, the rating is constrained by cost escalation due to delay in the completion of project, weak debt servicing indicators, weak sales realization and fragmented industry.

Company Background

Lotus Infrarealty Limited is a Public limited Company incorporated on 20 December 2010. Mr. Niraj Chaurasia is the Managing Director of the company and other directors are Ms. Anjana Chaurasia, Mr. Vinay Chaurasia, Mr. Sudarshan Balmukund Rawat. The company is engaged in construction of residential and commercial projects. The company has completed two major projects “Kirti apartment” and “Shree Sai Lotus city” in Madhya Pradesh. Currently, the company is constructing a mall named “Covent Court Mall” in Satna, M.P.

Financial Performance:

Net sales have improved to ₹3.48 Crs in FY15 from ₹1.89 Crs in FY14. Profit after tax (PAT) has improved to ₹0.16 Crs in FY15 as against ₹0.08 Crs in FY14. Tangible networth of the Company stood at ₹9.09 Crs as on 31st March, 2015.

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

Rating Outlook:

The rating outlook is expected to be stable over the current year. Going forward, the ability of the company to improve profitability margins, ensure timely sales and improve revenues would be the key rating sensitivities.

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