



Rating Rationale

Ojovati Projects Private Limited

12Feb2019

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹9.18 Crs of Ojovati Projects Private Limited ('OPPL' or 'the Company')

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Dec 2017)	Present
Fund based	9.26	9.18	Long Term	BWR B+ (Pronounced as BWR B Plus) Outlook: Stable	BWR B+ (Pronounced as BWR B Plus) Outlook: Stable Reaffirmed
Total	9.26	9.18	INR Nine Crores and eighteen Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for the definition of the ratings

Complete details of Bank facilities are provided in Annexure-I

Note: TL disbursement has taken place up to Rs 6.25 Crs as on date, however, the company has repaid the loan up to ₹ 8.00 Lakhs till the end of the January 2019, thereby the rated amount comes to Rs 9.18 Crs

Ratings: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results up to FY18, projections for FY19 and FY20 of Ojovati Projects Pvt Ltd, publicly available information and clarifications as provided by the management.

The rating factors in the business experience of the promoters and the expected steady rental income on account of long term agreement with SPI Cinemas. The ratings, however, is constrained by the project completion risk, effective delay in commencing its commercial operations and low net worth.

Going forward, the ability of the Company to achieve its projected revenue by stabilizing the business operations of the mall and generate adequate cash accrual will be the key rating sensitivities.



Description of Key Rating Drivers

- **Credit Strengths:**

Mr. Subbaraju Srinivasan, the promoter has more than four decades of business experience in the various industry like Textile, Real Estate, Packaging etc. Ms. Vijayalakshmi Venkatesh has around two decades of real estate experience and Mr. Srinivasan Magesh has more than two decades of experience in various fields. The rental income is around ₹20 lakhs per month from SPI Cinemas Pvt Ltd with whom the company has entered into a lease agreement on 1.9.2018 for a lease period of 12 years.

- **Credit Risks:**

Project commencement risk and completion risk - The project was originally scheduled to commence in April 2017 but delayed till July 2017 due to various operational problems along with frequent changes of the design proposed by SPI cinemas with whom lease agreement has been entered into and such delay has been acknowledged by SPI Cinemas Pvt Ltd. Resultantly, the expected cash flows for the company have been affected until FY19. The networth of the Company stands at ₹2.90 Crs as on 31st March 2018.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **Ojovati Projects Private Limited** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Ojovati Projects Private Limited was incorporated in 2014 with its registered office at Coimbatore. Promoters of the Company are Mr. Subbaraju Srinivasan, Mr. Srinivasan Magesh, Ms. Sulochana S and Ms. Vijayalakshmi Venkatesh. The Company is engaged in Real Estate Development projects and is currently executing a project in the name of "SFX Mall" in Tirupur with super built-up area of ~90,000 square feet consisting of three floors with a basement parking (stilt level) facility, intended as a 4 screen multiplex cum entertainment and gaming center with a multi-cuisine food court.

The Company has entered into a lease agreement with SPI Cinemas Pvt Ltd according to which the latter has agreed to pay ₹20 lakhs lease rent/ month post commencement of operations. There is a rent escalation of 12% at the end of every 3rd year applicable from the date of commencement of monthly rent payment.

Company Financial Performance

The mall is under construction and the Company is yet to recognize revenue. The total cost of the project is ₹19.62 Crs, to be funded partially by promoters in the form of capital and unsecured loans aggregating ₹8.76 Crs, Term Loan of ₹9.26 Crs and unsecured loans from SPI Cinemas of ₹1.60 Crs. As informed by the management, the Company is expected to start its commercial operations by April 2019 and has

projected to generate a revenue of ₹2.58 Crs with an operating profit of ₹2.54 Crs and a net profit of ₹0.40 Cr in FY20.

Rating History for the last three years

Facility	Current Rating (2019)			Rating History		
	Type	Amount (₹ Crs)	Rating	2018	18.12.2017	2016
Fund Based	Long Term	9.18	BWR B+ (Pronounced as BWR B Plus) Outlook: Stable Reaffirmed	Not Rated	BWR B+ (Pronounced as BWR B Plus) Outlook: Stable	Not Rated
Total		9.18	₹ Nine Crores and Eighteen Lakhs Only			

Status of non-cooperation with previous CRA - Not to our knowledge

Any other information - Nil

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	0.00	0.00
EBITDA	₹ Cr	-0.04	-0.05
PAT	₹ Cr	-0.04	-0.05
Tangible Net worth	₹ Cr	2.90	2.43
Total Debt/Tangible Net worth	Times	2.59	1.37
Current Ratio	Times	5.30	8.64

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)



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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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Annexure I

₹ Cr

Name of the Bank	Name of the Facility	Tenure	Previous Amount (Dec 2017)	Present Amount
Union Bank of India	Term Loan	Long Term	9.26	9.18
Total			9.26	9.18