



## RATING RATIONALE

21 Oct 2019

### Raghuleela Builders Private Limited

Brickwork Ratings revises the Rating for the Bank Loan facilities of ₹ 833.00 crores of Raghuleela Builders Private Limited (RBPL or “the Company”) based on best available information, as the issuer did not cooperate.

### Particulars

Facility	Amount (₹ Cr)		Tenure	Rating#	
	Previous	Present		Previous (August, 2018)	Present
Fund based	833.00	833.00	Long Term	BWR BBB-(SO) Outlook: Stable	BWR D [Downgraded] Issuer Not Cooperating*
<b>Total</b>	<b>833.00</b>	<b>833.00</b>	<b>₹ Eight hundred and Thirty Three crores Only</b>		

# Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

\* Issuer did not cooperate, based on best available information.

Details of Bank facilities is provided in Annexure-I

### Rating Action: Downgrade

**Current Update:** The earlier rating assigned to RBPL was based on the credit enhancement provided due to the presence of escrow mechanism for term loan facility and existence of a DSRA account. However, due to the revisions in the criteria for credit enhancement as per the SEBI circular in September, 2019, the rating is no longer eligible for credit enhancement. Therefore, BWR has now revised the rating approach of RBPL and assigned the rating on a standalone level.

The revision in rating is further driven by ongoing delays in servicing of its debt obligation as per banker’s feedback. Further, Radius group is finding it difficult to properly fund the construction of its ongoing projects due to severe liquidity crunch which was highlighted in a recent article in a leading business newspaper.



In view of the above, BWR has reviewed the rating to BWR D, Issuer Not Cooperating, based on best available information.

**Nature of Non-co-operation:**

The rating was due for a review in August 2019. However due to non availability of the required information, the rating was migrated to “Rating not reviewed” category on 07th August 2019. BWR took up with the issuer to provide required information over emails and through telephone calls. Despite the best efforts of BWR to get at least the minimum required information for a review, the entity has not provided the same. In the absence of adequate information from the issuer/Company, BWR is unable to assess the issuer’s/Company’s financial performance and its ability to service its debt and maintain a valid rating.

**Limitations of the rating:**

Information availability risk is a key factor in the assessment of credit risk as generally, noncooperation by the rated entities to provide required information for a review of the assigned rating may also be accompanied by financial stress. Users of the credit ratings should therefore take into account the possible deterioration in the credit quality of the rated entity arising from its non-transparency and withholding of information required for a review of the rating.

**About the Company (Information as available in August, 2018)**

Raghuleela Builders Private Limited (RBPL) was incorporated in the year 2007 in Mumbai, Maharashtra. It is a Special Purpose Vehicle (SPV) floated by Radius group to develop commercial real estate properties. Currently, the Company has executed its first project “One BKC” at Bandra Kurla Complex, Mumbai with a total area of over 1.5 million sq.ft. The said land was leased to Reliance Industries Limited (RIL) by MMRDA in July 2008 for 80 years. RIL subleased the land to RBPL for an amount of Rs. 964.00 crores which is fully paid. Besides, RBPL has handed over area of 0.125 million sq.ft. to RIL. The project consists of three wings A, B & C out of which A wing (0.62 million sq. ft.) is under lease model and B&C (0.90 million sq. ft.) are under sale model.

Further, according to information available, RBPL is planning to sell around 0.7 million sq. ft. of office space in One BKC for a total consideration of Rs.2,500 crores, and use these funds for meeting pressing repayment obligations. Further details of the deal are not available with BWR.

**Financial Performance (Information as available in August, 2018)**

RBPL reported total operating income of Rs. 163.31 crores and a net loss of Rs. 375.91 crores in FY17 as against total operating income of Rs. 111.88 crores and a net loss of Rs. 269.48 crores in FY16. The tangible net worth eroded as on 31st March 2017 and total debt stood at Rs. 2639.43 crores as on 31st March 2017. The company reported total operating income of Rs. 268.00 crores in FY18.

**NON-COOPERATION WITH PREVIOUS RATING AGENCY - Not Applicable**

**RATING HISTORY**

S.No	Instrument /Facility	Current Rating (2019)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Cr)	Rating^	August, 2019	August, 2018	2017
1	<b>Fund Based</b>	Long Term	833.00	<b>BWR D</b> [Downgraded] <b>Issuer Not Cooperating*</b>	<b>Rating Not Reviewed</b>	<b>BWR BBB-(SO)</b> (Pronounced as BWR Triple B minus Structured Obligation) <b>Outlook: Stable</b> (Assigned)	-
<b>Total</b>			<b>833.00</b>	<b>₹ Eight Hundred and Thirty Three crores only</b>			

\*Issuer not cooperating, based on best available information.

**COMPLEXITY LEVELS OF THE INSTRUMENTS**

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

**Hyperlink/Reference to applicable Criteria**

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [What Constitutes Non-Cooperation](#)

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## ANNEXURE I

Raghuleela Builders Private Limited

### Details of Bank Facilities rated by BWR

Sl.No.	Name of the Bank	Type of Facilities	Long Term [₹ Cr]	Short Term [₹ Cr]	Total [₹ Cr]
1	Yes Bank Limited	Term Loan	Long Term	-	493.00
2	Bank of Baroda	Term Loan	Long Term	-	340.00
<b>TOTAL</b>					<b>833.00</b>

**Total Rupees Eight hundred and Thirty Three Crores only.**

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**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



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