



Rating Rationale

Rajgreen Amusement Park Private Limited

27 Sep 2018

Brickwork Ratings reaffirms/withdraws the ratings for the Bank Loan Facilities of ₹. 208.66 Crores of Rajgreen Amusement Park Private Limited

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (June, 2017)	Present
Fund Based	133.00	205.66	Long Term	BWR BBB- (Pronounced as BWR Triple B Minus) Outlook:Stable	BWR BBB- (Pronounced as BWR Triple B Minus) Outlook:Stable Reaffirmed
Non Fund Based	6.50	-	Long Term	BWR BBB- (Pronounced as BWR Triple B Minus) Outlook:Stable	Ratings Withdrawn of BWR BBB- (Pronounced as BWR Triple B Minus) Outlook:Stable
	3.00	3.00	Short Term	BWR A3 (Pronounced as BWR A Three)	BWR A3 (Pronounced as BWR A Three) Reaffirmed
Total	142.50	208.66	INR Two Hundred Eight Crores and Sixty Six Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Ratings: Reaffirmed/Withdrawn

Rationale/Description of Key Rating Drivers/Rating sensitivities:



BWR has essentially relied upon the audited financial result up to FY17, Provisional Financial of FY18, projected financials and information/ clarifications provided by the company's management from time to time.

The rating factors, *inter alia*, successful launch of phase I of project, business experience of the promoters in construction activities, favourable location of amusement park with proximity to Surat city, eligibility of the company for capital subsidy of Rs. 46 Crores under Large revenue Generating Project (LRGP) scheme, out of which company has received interest subsidy of Rs. 6.62 Crs from the Ministry of Tourism, Government of India and shortfall undertaking given to the bank by company for repayment of debt obligation in timely manners.

However, the rating is constrained by large investment in capax, inherent risks associated with project execution for phase II, risk of recreation centre not experiencing the expected footfalls and high debt repayment obligation in near future.

The company's ability to achieve the envisaged footfalls, revenues, profitability and repayment of debt obligation in timely manner are the key rating sensitivities

Description of Key Rating Drivers

- **Credit Strengths:**

Successful launch of phase I of project: Company has achieved COD for phase I in Jan 2018 and has also started generating revenues from the same in FY18.

Business experience of the promoters in construction activities: : Company is promoted by Sanjaykumar Movaliya, Manoj Movaliya, Alpeshkumar Kotadia and Mitesh Movaliy. Management has experience of more than two decades in construction activities. It also has professional management in place to take care of operations.

Favourable location of amusement park with proximity to Surat city: The Park is located in heart of Surat city with good access by roads from all the locations of city. Surat is a major industrial and trading hub of Gujarat, and has a population of ~44.6 lacs. A significant percentage of population has good disposable income, and spend money on leisure and entertainment.

Shortfall undertaking given by promoter of company to the bank: Promoters of the company have provided shortfall undertaking to bank stating that promoters will be infusing additional funds in case company fails to to achieve projected revenue and sales for repayment of debt obligation in timely manner. The promoter groups have marketable assets in the form of land/properties, and are capable of raising such funds.

- **Credit Risks:**



Huge investment in capax: Company has projected total cost of project is Rs. 387.29 Crs out of which Phase I of Rs. 250.48 Crs and Phase II of Rs. 136.81 Crs. Company has taken total term loan from bank of Rs. 212.00 Crs from which Rs. 130.00 Crs for Phase I and Rs. 82.00 Crs for Phase II. Promoters has done equity infusion of Rs. 104.75 Crs in Phase I and no equity infusion done in Phase II. Promoters has also bring in total unsecured loan of Rs. 25.79 Crs, out of which Rs. 4.22 Crs in Phase I and Rs. 21.57 Crs in Phase II.. Hence, it has observed that debt of the company has increased substantially

Inherent risks associated with project execution for the Phase II: Phase II of project is at nascent stage and financial closure yet to happen, though the company has informed that this is at an advanced stage. Project is expected to achieve COD by Dec 2019. The company has tied up with internationally known vendors for supplying the required hardware for Phase II.

Risk of recreation centre not experiencing the expected footfalls: During FY18, company has not achieved projected revenue, though as on 31 Aug 2018, company has achieved sales of Rs. 28 Crs. Revenue from leisure and entertainment activity depends to a large extent on overall economy in the sectors in which Surat is engaged, and the revenues also vary according to seasons. Hence, lower than expected footfall, may affect the sales and profitability of company.

High debt repayment obligation in near future: Company has debt repayment obligation of over Rs. 29 Cr (including interest and finance charges) payable during FY19.

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 **Rajgreen Amusement Park 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

Rajgreen Amusement Park Pvt Ltd” (RAPPL) incorporated on 6th June 2012 is a Special Purpose Vehicle to develop an Integrated Entertainment Park in the name of “Amaazia” at Surat, Gujarat. It’s a Joint Venture of Green Group & Rajhans Group. Green Group started its activity of construction of residential projects in 1983 and Rajhans Group is into development of residential & commercial real estate projects, entertainment and hospitality..

About the Project – “Amaazia”:

The amusement park is a Public Private Partnership project which was tendered by Surat Municipal Corporation (SMC) and awarded to Rajgreen. The project is divided into 2 phases:



The phase I has achieved COD in Jan 2018. Phase II of the project expected to be operational in Dec 2019.

Initially company had planned DCCO of the project to be done in Sep 2017, but during FY17, company has come up with phase II of project and as per applicable regulatory guidelines, Lead Bank UBI has approved the merger of DCCO of Phase I and Phase II, and DCCO for entire project was extended to Dec 2019.

Due to merger of Phase I and II, commission of Bird Park and Snow Park has moved from phase I to phase II. The same was accepted by the consortium banks in March 2018 and the bank has canceled the residual term loan of Rs. 3.00 Crs for the same.

Combined (Phase I & II) Cost of the project stands at Rs 383.78 crs with bank loan of Rs.212 crs and balance Rs.171.78 crs promoters fund by way of equity & Unsecured Loan. As on 31 Aug 2018, total cost incurred towards the project was Rs.268.13 Crore funded with secured loans from bank of Rs.130 Crore and balance in the form of promoter's contribution by way of equity & Unsecured Loan.

Company Financial Performance

During FY18 (provisional), company has achieved total operating income of Rs. 22.85 Crs against Rs. 3.28 Crs in FY17 (Audited). Company has Tangible net worth of Rs. 99.89 Crs as on 31 Mar 2018 (provisional) against Rs. 71.44 Crs as on 31 March 2017 (Audited)

Key Financial Indicators

Key Parameters	Units	2016	2017
Result Type		Audited	Audited
Operating Revenue	Rs in Crs	0.00	3.28
EBITDA	Rs in Crs	(1.84)	(3.01)
PAT	Rs in Crs	0.00	(4.25)
Tangible Net worth	Rs in Crs	34.06	71.44
Total Debt/Tangible Net worth	Times	1.37	1.37
Current Ratio	Times	1.06	5.62

Rating History for the last three years

Sn	Instrument /Facility	Current Rating (2018)			Rating History		
		Type	Amount (₹ Crs)	Rating	2017	22 Mar 16	2015
1	Fund Based Term Loan	Long Term	205.66	BWR BBB- (Stable)	BWR BBB- (Stable) 23 May 17 & 28 Jun 17	BWR BB+ (Stable)	NA
2	Non Fund Based Performance Bank Guarantee	Long Term	0.00	Rating Withdrawn of BWR BBB- (Stable)	BWR BBB- (Stable) 28 June 17	NA	NA
3	Non Fund Based Bank Guarantee	Short Term	3.00	BWR A3	BWR A3 23 May 17 & 28 Jun 17	BWR A4+	NA
Total			208.66	₹ Two Hundred Eight Crores and Sixty Six Lakhs Only			

Annexure-I - Complete Details of Bank Facilities

Bank Facilities	Previous Limits	Present Limits	Tenor	Previous Ratings	Present Ratings
Fund Based	133.00	205.66			
Term Loan	133.00	205.66	Long Term	BWR BBB-	BWR BBB-
Non Fund Based	9.50	3.00			
Performance Bank Guarantee	6.50	-	Long Term	BWR BBB-	Withdrawn
Bank Guarantee	3.00	3.00	Short Term	BWR A3	BWR A3
FLC/BC Sub Limit	-70.00	-27.00	Short Term	BWR A3	BWR A3
BG Sub Limit	-7.00	-3.00	Short Term	BWR A3	BWR A3
Total	142.50	208.66	Two Hundred Eight Crores & Sixty Six Lakhs Only/		

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Service Sector](#)
- [Short Term Debt](#)



For any other criteria obtain hyperlinks from website

Analytical Contacts	Media
<p><i>M S R Manjunatha</i> <i>Head - Ratings & Administration</i></p> <p>analyst@brickworkratings.com</p>	<p>media@brickworkratings.com</p>
	Relationship Contact
	<p>bd@brickworkratings.com</p>
<p>Phone: 1-860-425-2742</p>	

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

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. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 13,22,500 Cr. In addition, BWR has rated over 7000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹62,000 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.