



Rating Rationale

Rivaaz Trade Ventures Private Limited

6 Oct 2020

Brickwork Ratings downgrades/reaffirms the ratings for the Non-Convertible Debentures of ₹.620.44 Crores of Rivaaz Trade Ventures Private Limited

Particulars

Instrument**	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (10 Sep 2020)	Present
Non- Convertible Debenture (NCD)	340.00	340.00	Long Term	BWR C (CE) Downgrade	BWR D (CE) Downgrade
NCD	237.50	237.50		BWR C (CE) Downgrade	BWR D (CE) Downgrade
NCD	53.67\$	42.94		BWR D (CE) Downgrade	BWR D (CE) Reaffirmed
Total	631.17	620.44	(INR Six Hundred & Twenty Crores and Forty Four Lakhs Only)		

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

** Details of NCD are provided in Annexure-I

\$As on date outstanding is Rs.42.94 crs

RATING ACTION / OUTLOOK

Brickwork Ratings (BWR) has downgraded the ratings to BWR D (CE) for the NCD of Rs.340.00 crs and Rs.237.50 crs. The interest payment was due for the NCD (New ISIN INE971Z07166, INE971Z07174, INE971Z07182, INE971Z07190, INE971Z07125, INE971Z07133, INE971Z07117). The rating is downgraded as the company did not make payment for the amount due on 30th September 2020. The same has been confirmed by the issuer.

BWR has also reaffirmed the rating of BWR D (CE) for the NCD of Rs.42.94 crs.

The unsupported rating of Rivaaz Trade Ventures Private Limited is reaffirmed at BWR D.

Credit Enhancement for CE rating

- For Timely Servicing of Interest (in case of NCD of Rs.400.00 crs and Rs.250.00 crs): Under the Master Lease Agreement (MLA), the Lessee (FRL) will directly deposit the amount due (lease rents) and other payments in connection with the MLA to the escrow account, which will be used to meet interest obligations. In the case of a shortfall, FRL



has to ensure the escrow account is adequately funded to meet the scheduled interest payment obligation at T-1 day (T being the due date of interest payment).

- For Timely Servicing of Installment/Principal (in case of NCD of Rs.400.00 crs and Rs.250.00 crs): In case the escrow if account is not funded by FEL to the extent of the principal repayment of NCDs by T-3 days, the Lessee (FRL) has an unconditional, irrevocable and valid obligation to fund the escrow account to meet the scheduled principal repayment obligation on NCDs at T-1 day (T being the principal repayment date).
- For NCD Rs.500 crs (O/s Rs.42.94 crs): Credit Enhancement is on account of the Master lease agreement and Tripartite Agreement (TA) (between the lessor, lessee and the lender), wherein FRL, the lessee has given an unconditional undertaking that it will continue to make lease payments for the assets leased to it irrespective of usage, until the tenure of the NCD. The lease rental income inflow into the escrow account is such that it ensures adequate cash to meet interest service requirements on the NCD.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA.

BWR has essentially relied on the credit enhancement by way of an MLA and a TA and implicit Future group support to the company. BWR has also factored in standalone audited financial statements upto FY March 2019 and projections upto FY21 of the issuer, as well as publicly available information and the information /clarification provided by the company and audited financial performance upto FY March 2019, FY March 2020 and 1Q June 2020 of the Lessee/credit enhancers (FRL/FLFL). BWR has factored the non payment of dues on the due date from the issuer and the credit enhancers.

RATING SENSITIVITIES

Positive: The rating and outlook may be reviewed after the company is able to pay all its debt obligation due, performance of the Company and the credit enhancers (FRL/FLFL) materially improves.

LIQUIDITY POSITION: Poor

The liquidity of the company continues to be poor. Current liquidity position of the credit enhancer is poor and is expected to deteriorate further on account of the disruption in sales and cash collection, impacted on account of COVID - 19. The company is not receiving any cash flows from the credit enhancers towards the lease rental payments.

COMPANY PROFILE

Rivaaz Trade Ventures Private Limited was incorporated on June 18, 2012. The Company buys/builds/acquires moveable/ immoveable fixed assets conducive to the retail business and leases them to companies in the retail business on the basis of a long-term operating lease. The company is also involved in the trading business. RTVPL acquires fixed assets, such as furniture and fixtures, computer peripherals and networking, electrification and electric installation, air conditioning and visual merchandising on the specifications provided by these retailers and leases these fixed assets to the companies on the basis of a long-term operating lease.



Bhavna Asset Operators Private Limited, FR Retail Destination Private Limited, Hridyanshu Multitrade Private Limited, Legitimate Asset Operators Private Limited, Mitra Infratech Private Limited and U-Phase Infraprojects Private Limited have been merged into Rivaaz Trade Ventures Private Limited from the appointed date of the merger, 1-April-2017. The assets and liabilities of all the six companies were taken over by Rivaaz. The NCD of Rs.42.94 crs mentioned is outstanding under Bhavna Asset Operators Pvt Ltd, which is now transferred to Rivaaz.

All the above mentioned companies were inter alia engaged in a similar business of acquiring and dealing in all types and kinds of properties, equipment and assets and then renting/leasing it out to companies.

KEY FINANCIAL INDICATORS (in INR Crs)

FINANCIAL INDICATORS - ISSUER - Rivaaz Trade Ventures Private Limited

Key Parameters	Units	FY2018	FY2019
Result Type		Audited	Audited
Total Operating Income	Rs. in crore	1325.90	571.87
EBITDA	Rs. in crore	200.16	3.19
PAT	Rs. in crore	8.91	2.36
Total Debt	Rs. in crore	1295.09	14.90
Tangible Net worth	Rs. in crore	-11.69	-3.91
Current Ratio	Times	1.06	1.36

FINANCIAL INDICATORS – CREDIT ENHANCEMENT PROVIDER - Future Retail Limited

Consolidated Financials

Key Parameters	Units	FY2018	FY2019	FY2020	1Q June 2020
Result Type		Audited	Audited	BSE Published	Unaudited
Total Operating Income	Rs. in crores	18,477.97	20332.58	20331.72	1358.11
EBITDA	Rs. in crores	830.17	1036.44	2055.70	150.35
PAT	Rs. in crores	11.31 (*)	727.19	11.29	-561.95
Tangible Net worth (TNW)	Rs. in crores	3,096.27	3150.62	-	-
Total Debt (TD)	Rs. in crores	0.42	2553.98	-	-



Current Ratio	Times	1.43	1.33	-	-
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FINANCIAL INDICATORS – CREDIT ENHANCEMENT PROVIDER - Future Lifestyle Fashion Limited

Key Parameters	Units	FY 2019	FY 2020	1Q June 2019	1Q June 2020
Result Type		Audited	BSE Published	Unaudited	Unaudited
Total Operating Income	Rs. in crs	5766	6361	1540.30	85.82
EBITDA	Rs. in crs	620	1055	262.64	-104.69
PAT	Rs. in crs	189	-53	24.54	-352.95
Tangible Net Worth	Rs. in crs	1827	1637	-	-
Gearing	Times	0.43	1.14	-	-

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED

As mentioned above under credit enhancement.

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY :NA

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]

Instrument	Current Rating			Rating History								
	Tenure (Long Term/ Short Term)	Amount (₹ Cr)	Rating	2020	2019	2018	2017					
NCD - Rs.400 crs	Long Term	340.00	BWR D (CE) Down grade	14.04.2020				2017				
NCD 400.00				BWR A (CE) Credit Watch with Negative Implications								
NCD 250.00				BWR A (CE) Credit Watch with Negative Implications								
NCD 187.50		BWR A- (CE) Credit Watch with Negative Implications										
NCD - Rs.250 crs		237.50			27.05.2020				01.04.2019	21.03.2018	NA	
NCD 400.00		BWR A- (CE) Credit Watch with Negative Implications										
NCD 250.00		BWR A- (CE) Credit Watch with Negative Implications										
NCD 64.40		BWR BBB+ (CE) Credit Watch with Negative Implications										
NCD 340.00		BWR BB+(CE) Credit Watch with Negative Implications										
NCD 237.50		BWR BB+(CE) Credit Watch with Negative Implications										
NCD 53.67		BWR BB+(CE) Credit Watch with Negative Implications										
NCD 340.00		BWR C (CE)										
NCD 237.50		BWR C (CE)										
NCD 53.67		BWR D (CE)										
NCD - Rs.187.50 crs	42.94		BWR D (CE) reaffirmation	01.04.2019		21.03.2018		NA				
NCD 400.00		BWR AA-(SO) Stable										
NCD 250.00		BWR AA-(SO) Stable										
NCD 187.50		BWR A+(SO) Stable										
NCD 400.00		BWR AA-(SO) Stable										
NCD 250.00		BWR AA-(SO) Stable										
NCD 400.00		BWR AA-(SO) Stable										
NCD 250.00		BWR AA-(SO) Stable										
NCD 250.00		BWR AA-(SO) Stable										
NCD 250.00		BWR AA-(SO) Stable										
Total	620.44	Rupees Six Hundred and Twenty crore and Forty Four lakh only										

COMPLEXITY LEVELS OF THE INSTRUMENTS



For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Credit Enhancement](#)
- [Group support](#)
- [Service Industry](#)
- [Default Recognition](#)

Analytical Contacts	Investor and Media Relations
<p>Bal Krishna Piparaiya Senior Director - Ratings B :+91 22 2831 1426, +91 22 2831 1439 piparaiya.bk@brickworkratings.com</p> <p>Heta Mehta Ratings Analyst D : +91 22 6745 6612 B :+91 22 2831 1426, +91 22 2831 1439 heta.m@brickworkratings.com</p>	<p>Liena Thakur Assistant Vice President - Corporate Communications +91 84339 94686 liena.t@brickworkratings.com</p>



Rivaaz Trade Ventures Private Limited

ANNEXURE I INSTRUMENT (NCD) DETAILS

Particulars	Old ISIN No.	New ISIN No.	Date of Issuance	Coupon Rate	Date of Maturity	O/S Amount*
1	INE971Z07034	INE971Z07117	28-Mar-2018	11.50%	30-Jun-2021	Rs. 60 Cr.
2	INE971Z07042	INE971Z07125	28-Mar-2018	11.50%	30-Jun-2022	Rs. 80 Cr.
3	INE971Z07059	INE971Z07133	28-Mar-2018	11.50%	30-Jun-2023	Rs. 200 Cr.
Total (Issue amount of Rs.400 crs)						Rs. 340 Cr.

Particulars	Old ISIN No.	New ISIN No.	Date of Issuance	Coupon Rate	Date of Maturity	O/S Amount*
1	INE971Z07075	INE971Z07166	28-Sep-2018	12.25%	30-Dec-2020	Rs.25.00 cr
2	INE971Z07083	INE971Z07174	28-Sep-2018	12.25%	30-Dec-2021	Rs.37.50 cr
3	INE971Z07091	INE971Z07182	28-Sep-2018	12.25%	30-Dec-2022	Rs.50.00 cr
4	INE971Z07109	INE971Z07190	28-Sep-2018	12.25%	31-Dec-2023	Rs.125.00 cr
Total (Issue amount of Rs.250 crs)						Rs. 237.50 Cr.

*An interest amount of Rs.17.9 crs was due on 30th September 2020, wherein the company failed to make payment.

Particulars	Old ISIN No.	New ISIN No.	Date of Issuance	Coupon Rate	Tenor	Date of Maturity	O/S Amount
Series I	INE285T07099	INE285T07141	07- Aug 2015	11.90%	60 Months	07-Nov-2020	42.94
Total (Issue amount of Rs.500 crs)							42.94

These NCDs were issued by Bhavna Asset Operators which is now merged with M/S Rivaaz and the ratings in M/s Bhavna have been withdrawn.

The new ISINs were created to reflect the rescheduled due dates.



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