Rating Rationale

World Trade Park

26 July 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 250.00 Crs. of World Trade Park.

Particulars

\=Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	250.00	Long Term	BWR BBB- (Pronounced BWR Triple B Minus) (Outlook: Stable)
Total	250.00	INR Two Hundred Fifty Crores Only	

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financials upto FY17, Provisional financials for FY18 projected financial statements up to FY20, publicly available information and information/clarifications provided by the Company.

The rating has, inter alia, factored in the promoter's extensive business experience, moderate tangible net worth, comfortable coverage indicators, retail space in the mall occupied by big brands as lessees, favourable location coupled with low level of competition and Y-O-Y increase in rental income. The rating is, however, constrained by low and volatile scale of operations, sizeable space still to be sold/leased and high dependence on business cycle.

Going forward increasing scale of operations, increasing rental income by further renting the property and ensuring timely servicing of debt would be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

- **Experienced Promoters:-**Key Promoter Mr. Anoop Bartaria is a very experienced and renowned architect having completed more than 700 projects in and outside India including the makeover of Amritsar's Golden Temple surroundings etc.

- **Good demand for the space:-** The company already has rented out space to more than 60 brands which include some of the renowned brands like Tag Heuer, Rado, Zara, H&M etc and every year the company is adding more brands in the Mall. Also some of the brands from nearby locations are shifting inside the mall as well
- **Favourable location coupled with low level of competition:-** The mall is located in one of the prime locations with some of the high end projects coming in the vicinity. Also there is no land parcel available of this size in the nearby location and hence risk of any competition in the future is also on lower side.
- **Y-O-Y increase in rental income:-** with the Y-O-Y increase in rental income due to new brands taking up the space, rental income from the mall is on rise. Rental income in FY18 stood at Rs. 31.87 Crs against Rs. 24.02 Crs in FY17 and is highly likely to cross Rs. 39 Crs in FY19 based on the agreements entered by the company with the lessees.

Credit Risks:

- **Low and volatile scale of operations:-** Operating income from the mall is highly volatile due to higher portion of the sales in FY15 and FY16 contributed by the properties sold than the rental income which is not the case in FY18. In FY18 portion of rental income is higher than the income from sold properties and this is expected to continue in the future which will provide stability to the income in the coming years. However, rental income would depend upon the tie up for the balance area to be leased.
- **High dependence on business cycle:-** Stability of the lessees depends highly on their profitability which further depends on business cycles and lock in period in most of the cases is not more than three years. So to make them stay longer the management has to attract more and more footfall may be by way of doing events or some kind of promotional campaigns which will further demand higher operational expenses. At present risk of losing business is low due to low level of competition in the near vicinity

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 **World Trade Park** 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

WTP or World Trade Park, located in Malviya Nagar is the attraction of the Royal Pink City, Jaipur. World trade park is a mall cum office space and upcoming 5 star hotel in collaboration with Swiss International and with lot of unique propositions to offer to its visitor.

The developed building took two years for its development in Pink City. The building is implicit two different blocks one in North and an alternate in South joined by a city street. These two pieces are between connected by a bridge which has various restaurants. Top three floors are for office space which has separate entry from back side of the mall to avoid any inconvenience. All the lobbies inside the mall are designed to reflect different cultures.

Out of total saleable/leasable area of 846581 sq ft. , the promoters have been able to sell/lease an area of 578309 sq.ft. The upcoming hotel will have total built up area of 116000 sq.ft. Total parking area is 327075 sq.ft.

Company Financial Performance

WTP's reported operating income of Rs. 37.62 Crs. with a net profit of Rs. 6.27 Crs. in FY18 (provisionals) against an operating income of Rs. 48.80 Crs. with a net profit of Rs. 0.03 Crs in FY17.

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type	Amount (₹ Crs)	Rating	2017	2016	2015
1.	**LRD**	Long Term	250.00	**BBB- Outlook Stable**	**NA**	**NA**	**NA**
	Total		**250.00**	**₹ Two Hundred Fifty Crores Only**			

Financial Indicators

Key Parameters	Units	FY17	FY18
Result Type		**Audited**	**Provisional**
Operating Revenue	₹ Cr	48.80	37.62
EBITDA	₹ Cr	17.61	21.38
PAT	₹ Cr	0.03	6.27
Tangible Net worth (Analysed)	₹ Cr	38.02	48.98
Total Debt/Tangible Net worth (Analysed)	Times	7.82	5.60

Hyperlink/Reference to applicable Criteria

- [General Criteria]
- [Approach to Financial Ratios]
- [Service Sector]

For any other criteria obtain hyperlinks from website

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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. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 11,99,663 Cr. In addition, BWR has rated over 6819 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹48,803 Cr have been rated.

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