



## Rating Rationale

Advant IT Park Private Limited

14 Dec, 2018

**Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹300.00 Crores of Advant IT Park Private Limited(ADIPL).**

### Particulars

Facility	Previous Limit	Current Limit	Tenure	Previous Rating (Aug, 17)	Rating Assigned
Fund Based - Lease Rental Discounting	185.00	285.00	Long Term	BWR BBB- (SO) (Pronounced as BWR Triple B Minus) (Outlook: Stable)	BWR BBB (SO) (Pronounced as BWR Triple B)(Structured obligation) (Upgradation) (Outlook: Stable)
Term Loan	87.07	15.00		BWR BB (Pronounced as BWR Double B) ((Outlook: Stable)	BWR BB+ (Pronounced as BWR Double B Plus) (Upgradation) (Outlook: Stable)
Sub Limit - Non Fund Based	(15.00)	(14.00)		BWR A4 (Pronounced as BWR Single A Four)	BWR BB+# (Pronounced as BWR Double B Plus) (Outlook - Stable)
<b>Total</b>	<b>272.07</b>	<b>300.00</b>	<b>Rupees Three Hundred Crores only</b>		

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

# Withdrawal of BWR A4 Rating and Simultaneous Assignment of BWR BB+ as the non fund based facility is a long term facility.

### **Rationale/Description of Key Rating Drivers/Rating sensitivities:**

BWR has principally relied upon the audited financial results up to FY18, projections for FY19 & FY20, publicly available information and information/ clarifications provided by the company.

The rating has, inter alia, factored in experienced promoters in the real estate business along with 100% occupancy in Tower A & B reputed companies like Samsung, SunGard, KPMG, BHEL, British council, Qualcomm, Exponential etc, locational advantage, maintenance of Escrow Account, Long term lease contracts reflecting revenue stability, high profitability



margins and expected completion of Tower C project which is expected to further improve the revenues of the company.

The rating is, however, constrained by revenue risk as some portion of Tower C leases are yet to be finalised, lease renewal risk, high gearing ratio and project execution risk for the balance two towers.

### **Key Rating Drivers**

- **Experienced Promoters coupled with professional team** - Main Promoters of company are Mr. OP Arora, Mr. PR Batra and Mr. Sunil Sharma. Mr. O.P. Arora is the President and CEO of AOV Group of Companies with a strong presence in Finance, Exports, Food Processing, Textile and Engineering industry. Mr. Prithvi Raj Batra is promoter of Buniyad Group and also Director of a Real Estate and Facilities Management Company with a strong background in construction and real estate industry having experience of more than 20 years. Mr. Sunil Sharma is a highly experienced senior IT executive and a successful entrepreneur. One of the promoters is a qualified engineer from Indian Institute of Technologies (IIT). The promoters have experience in International and domestic business especially related to Information Technology, construction, real estate, finance and exports.
- **Locational Advantage** - The project is located in Sector 142, Noida which has seen substantial presence of the IT/ ITES (Information Technology/ Information Technology Enabled Services) industry for their operations.
- **Maintenance of Escrow Account** - Bank Loan Facility is backed by the lease rentals of Tower A & B of IT-SEZ (Information Technology – Special Economic Zone) developed by the company with an area of 0.86 million sq. ft. The rating captures the rental escrow mechanism put in place for the rated loan programme whereby rentals are directly deposited into escrow account and to be Utilized in order of priority as agreed by the lenders. The SO rating is, thus, specific to the Lease Rental Discounting (LRD) loan and does not factor in cash flow adequacy for the company as a whole. Nevertheless, the rating favourably factors in the ~100% occupancy level in Advant's Tower A & B, its strong tenant profile and presence of a lock-in period for all lease agreements put in place.
- **Lease agreement with renowned brands** - Advant IT Park Private Limited was incorporated in 2004 with an objective of developing one IT/ITES project in NOIDA Region, and has constructed Tower-A & Tower-B, with 8,70,000 sq. ft. of Super built up Area. Both these Towers are fully leased, mainly to renowned Brands, like Samsung, SunGard, KPMG, BHEL, British Council, Qualcomm, Exponential, etc. Also, Tower C has also been booked by renowned brands and company is in the process of signing of Lease agreements.



- Improvement in Revenue and Net Profitability** - In FY18, the total revenue of company have increased to Rs. 69.43 Crs against revenue of Rs. 57.84 Crs in FY17 showing an increase of 20.03%. PAT of company has also improved from Rs. 7.72 Crs reported in FY17 to Rs. 15.68 Crs in FY18. Also, there is a slight improvement in Gearing Ratio (TOL/TNW) from 6.94x in FY17 to 5.33x in FY18 due to retention of profits of FY18. Gearing Ratio of company is still high due to huge amount of debt.

**Rating Outlook: Stable**

BWR believes the Advant IT Park Pvt Ltd’s 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**

Advant IT Park Private Limited was incorporated in 2004 with an objective to provide highest quality of infrastructure and professional support services needed by IT/ITES companies for efficient business operations.

**Company Financial Performance**

Key Parameters	Unit	FY 17 (Audited)	FY18 (Audited)
Total Operating Income	Cr	57.84	69.43
OPBDIT	Cr	38.71	39.47
PAT	Cr	7.72	15.68
Tangible Net Worth	Cr	33.35	49.05
TOL/Capital	Times	6.94	5.33
Current Ratio	Times	7.66	4.37

**Status of non-cooperation with previous CRA:** NA

**Rating History for the last three years (including withdrawn/suspended ratings)**

Facility	Tenure	Rating Assigned (2018)		Rating History		
		Amount (Rs. Crs)	Rating	2017	2016	2015
Fund Based - Lease Rental Discounting	Long Term	285.00	BWR BBB (SO) (Pronounced as BWR Triple B) (Upgradation) (Outlook: Stable)	BWR BBB-(SO)	-	-
Term Loan		15.00	BWR BB+ (Pronounced as BWR Double B Plus) (Upgradation) (Outlook: Stable)	BWR BB		
Sub Limit - Non Fund Based		(14.00)	BWR BB+# (Pronounced as BWR Double B Plus) (Outlook: Stable)	BWR A4	-	-
<b>Total</b>		<b>300.00</b>	<b>INR Forty Nine Crores and Seventy Lac Only</b>			

#Withdrawal of BWR A4 Rating and Simultaneous Assignment of BWR BB+

**Hyperlink/Reference to applicable Criteria**

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



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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto: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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