

March 20, 2017

Cyberwalk Tech Park Private Limited

Instrument	Amount (Rs crore)	Rating Action
Term Loans	68.84	[ICRA] D; Reaffirmed

*Instrument Details are provided in Annexure-1

Rating Action

ICRA has reaffirmed the long term rating of [ICRA]D (pronounced ICRA D) for Rs. 68.84 crore¹ term loans of Cyberwalk Tech Park Private Limited (CTPPL)².

Rationale

The rating continues to factor in the delays in servicing of debt by CTPPL given the inadequate cash flow generation in its single ongoing commercial project. Given the oversupply situation in the vicinity of the project, CTPPL remains exposed to considerable market risk which has resulted in slower than expected sales and leasing. Going forward, timely servicing of debt repayment commitments and CTPPL's ability to lease/sell the remaining area at desired prices and maintain its collection efficiency will remain the key rating sensitivities. ICRA does note the experience of the company's promoters in the real estate sector.

Key Rating Drivers

Strengths

- Long experience of the promoters in the real estate industry

Credit Weakness

- Delays in debt servicing by the company
- Inadequate cash flow generation in the project due to oversupply situation and slow down in the real estate.
- High market risk

Description of key rating drivers highlighted above:

CTPPL developed the first phase of its real estate project named 'Cyber Walk' in FY2013 for which it availed a total debt of Rs. 113.0 crore. Due to subdued sales, the cash flows generated by the company were inadequate, leading to delay in debt servicing. In Aug, 2016, the company received restructured terms of debt whereby there has been deferment of principal (Rs 68.10 crore) and its interest liability (Rs. 18.39 crore) from Jan, 2015 till Dec, 2016. Given the ballooning nature of repayments, the company had relatively lower repayment liability in the initial years. However, due to muted sales velocity of 1% in last one year (55% of total area sold as of Feb, 2017) and inadequate collection, the liquidity position of CTPPL has remained stretched, hence resulting in delays in debt servicing by the company. The active promoters of the company i.e Aarone group who have long standing experience in the real estate industry continue to support the cash flows by regular fund infusions.

¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications. The company's rating was earlier suspended in May 2014; however the suspension now stands revoked.

Analytical approach: Standalone
Links to applicable Criteria

Corporate Credit Rating – A Note on Methodology

ICRA Rating Methodology: Real Estate Entities

About the Company:

Cyberwalk Tech Park Private Limited (erstwhile Sofed Retailer Private Limited) was promoted as a Special Purpose Vehicle to set up an IT Park at Manesar, Gurgaon. Presently, Aarone Promoters Private Limited (owned by Aarone Group) is the largest shareholder with 44.20% stake followed by Mr. Amit Kumar Modi (Chandigarh Distillers & Bottlers Limited Group) and Parabolic Real Estate Pvt. Ltd. with 27.9% stake each respectively. The IT Park is titled 'CyberWalk' and is being developed in two phases, with a total leasable/saleable area of 11.28 lakh sq.ft; with 8.8 lakh sq.ft to be developed in phase one. CTPPL reported a net loss of Rs 2.10 crore on an operating income of Rs 5.63 crore in FY2016, as against a net loss of Rs. 5.02 crore on an operating income of Rs. 12.08 crore in the previous year.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years:

Table: Rating History

S.No	Name of Instrument	Current Rating			Chronology of Rating History for the past 3 years			
		Type	Rated amount (Rs. Crores)	Month-year & Rating	Month-year & Rating in FY2017	Month- year & Rating in FY2015	Month-year & Rating in FY2015	
					March 2017	April 2016	February 2015	May 2014
1	Term Loans	Long Term	68.84	[ICRA]D	[ICRA]D	[ICRA]D	[ICRA]BB (Stable); suspended	

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1
Details of Instrument

Name of the instrument	Date of issuance	Coupon rate	Maturity Date	Size of the issue (Rs. Cr)	Current Rating and Outlook
Term Loans	-	-	Oct 31, 2028	68.84	[ICRA]D

Source: CTPPL

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