

January 29, 2021

## Alliance Mall Developers Company Pvt Ltd: Rating placed on watch with negative implications

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund-based Term Loan	50.00	50.00	[ICRA]BB+@, rating placed under watch with negative implications; revised from [ICRA]BB+ (Negative)
<b>Total</b>	<b>50.00</b>	<b>50.00</b>	

\*Instrument details are provided in Annexure-1

### Rationale

Alliance Mall Developers Company Pvt Ltd (AMDCPL) had applied for restructuring of its lease rental discounting (LRD) loan under the framework for resolution specified by the Reserve Bank of India (RBI) vide its circular of August 6, 2020. The company applied for restructuring prior to the due date of September 30, 2020, it has subsequently paid its debt obligations. Recently, ICRA was informed by the company and its lender that RP was invoked on December 01, 2020 and thereafter, the inter creditor agreement was signed on December 29, 2020 between Bank of Baroda and PNB Housing Finance Limited. In accordance with the rating approach published recently on ICRA's website ([Click here](#)), the rating has been placed under watch with negative implications. The rating watch with negative implications reflects the expected continued weakness in the cashflows from residential project as well as uncertainty around the terms of the resolution plan and its implementation. Implementation of the resolution plan within the regulatory timelines<sup>1</sup>, with favourable terms easing the burden on the cash flows resulting in improvement of coverage metrics, remains critical and would be a key rating monitorable.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Key financial indicators: [Click here](#).

### Rating sensitivities

**Positive factors** – The crystallisation of scenarios for rating upgrade are not envisaged over the medium term. The rating watch would be resolved upon successful implementation of the resolution plan within the regulatory timelines. The rating may see an upward pressure if the company's debt burden eases substantially and overall cashflow position improves sustainably.

**Negative factors** – Negative pressure on AMDCPL's rating could arise if the resolution plan is not implemented by the lenders within the regulatory timelines. The ratings may also be downgraded if the resolution plan, even though implemented, does not provide a relief commensurate with maintaining the existing ratings. Any deterioration in the liquidity position due to inadequate accruals, and slower than expected construction and sales velocity will be negative triggers.

<sup>1</sup> Resolution under this framework must be implemented within 180 days from the date of invocation. Inter Creditor Agreement has to be signed by all the lending institutions within 30 days from the date of invocation.

## Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Rating Methodology for Real Estate Entities</a>
Parent/Group Support	Not Applicable
Consolidation/Standalone	Standalone

## About the company

AMDCPL is an SPV floated on August 31, 2007 by Prozone Intu Properties Limited to setup a mixed-use development project near Saravanampatti, Coimbatore, Tamil Nadu. The project comprises retail, residential and commercial developments, spread over 25.66 acres of land.

The company has commenced work on a residential project, Prozone Palms, and is developing it in multiple phases. The project is spread over 11 acres of land with over 1.6 mn sqft of saleable area. Prozone Palms (phase 1) offers 18-storey towers with 1BHK/2BHK/3BHK apartments. Prozone Palms Phase 1A has saleable area of 496,152 sq ft with two towers having 324 flats and Prozone Palms Phase 1B has one tower with 216 units (1 BHK).

The retail development is planned over 6,64,000 sq. ft. of gross leasable area and spread over two phases. Phase 1 of the retail mall has a gross leasable area of about 5,00,804 sq. ft. The mall started commercial operations on July 21, 2017 and has occupancy of 93%. The company has tenants such as Inox, Reliance trends, Westside, Reliance digital, Lifestyle, Max, Spar, Arvind Brands, H&M, Unlimited, and FBB.

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

	Instrument	Current Rating (FY2021)				Chronology of Rating History for the past 3 years			
		Type	Amount Rated (Rs. crore)	Amount Outstanding as of Feb 29, 2020 (Rs. crore)	Date & Rating in	Date & Rating in FY2021	Date & Rating in FY2020	Date & Rating in FY2019	Date & Rating in FY2018
					Jan 29, 2021				
1	Term Loan	Long-term	50.0	16.0	[ICRA]BB+@	[ICRA]BB+ (Negative)	[ICRA]BBB- (Stable)	-	-

@= Under watch with negative implications

## 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 [click here](#)

#### Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Term Loan-I	FY2019	NA	FY2025	50.0	[ICRA]BB+@

**Source:** Company

#### Annexure-2: List of entities considered for consolidated analysis

Not applicable

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