

Reliable Spaces Private Limited

	Amount	Rating Action
	In Rs. Crore	
Long term, term loans	185.00	[ICRA]B+; assigned

ICRA has assigned a long term rating of [ICRA]B+ (pronounced ICRA B plus)¹ to the Rs 185.0 crore² term loans of Reliable Spaces Private Limited (RSPL).

The rating favourably factors in the attractive location of RSPL's properties (Reliable Plaza and Reliable Liberty Tower) in Navi Mumbai coupled with the company's reputed client profile. Moreover, significant investments made by the lessees towards fit-outs at the properties mitigate the vacancy risk for RSPL to some extent. ICRA notes that the company has access to land bank, book value of which is ~Rs. 64 crore as on March 31, 2016, which can be liquidated in case of exigencies. Further, the stable income from the call centre business can also be used to service the debt obligations.

The rating is, however, constrained by the modest cover of 1.08x of monthly rentals over EMI. The rating also takes into account the weak capital structure and coverage indicators of the company which may weaken further owing to the top up LRD loan availed by the company. The rating also takes into account the absence of liquidity support in the form of DSRA (Debt Service Reserve Account) and the inherent risk of LRD loans in terms of cash flow mismatch between rent inflow date and EMI deduction date, though ICRA takes note of the cushion available to RSPL between these two dates.

ICRA also notes that the company has advanced ~Rs. 38.6 crore to a group company for construction activity; timely refund of the advance in case of requirements is a rating sensitivity.

Company Profile

Reliable Spaces Private Limited (RSPL/the company), promoted by the Sequeira family, currently has two buildings - Reliable Plaza and Reliable Liberty Tower - at Airoli (Navi Mumbai) which have been entirely leased out to corporates on a leave and license basis.. Apart from that, the company also has a call centre business wherein ~1,000 employees are employed who manage ~5.4 million calls per month.

In FY2014, the business of Reliable Spaces Private Limited was merged into Reliable Informatics Park Private Limited (an entity with minimal business operations); and in FY2015, the name was changed to Reliable Spaces Private Limited

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¹ For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.

² 100 lakh = 1 crore = 10 million



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