

Cyberwalk Tech Park Private Limited

March 26, 2018

Summary of rated instruments

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Term Loans	68.84	68.84	[ICRA]D; reaffirmed
Total	68.84	68.84	

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 has been exposed to considerable market risk, which has resulted in slower-than-expected sales and leasing. Going forward, the 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 also notes the experience of the company's promoters in the real-estate sector.

Key rating drivers:

Credit strength

Extensive experience of promoters in the real estate and other businesses - The promoters of the company have a well-diversified background. Aarone Group (Aarone Promoters Pvt. Ltd), managed by Mr. Yog Raj Arora and his family members, is a Delhi-based real-estate development Group with over 20 years of experience in developing residential and commercial projects. Mr. Amit Kumar Modi is the Managing Director (MD) of Chandigarh Distillers & Bottlers Ltd. The promoters of Parabolic Real Estate Pvt. Ltd. are a part of the top management of Parabolic Drugs Ltd., an active pharmaceutical ingredient (API) and API intermediate manufacturing and marketing company.

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.

Credit challenges

Delays in debt servicing because of inadequate cash-flow generation in the project due to oversupply and slowdown in real estate - 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. Despite the restructuring of debt in August 2016 and ballooning nature of repayments, the company has been making repayments with a delay. The promoters have been funding the cash-flow gaps.

Muted sales velocity with no sales in the last one year - The company has sold around 55% of its saleable area till February 2017. However, there have been no sales in the last one year. This can be attributed to the weakness in this micro market.

Analytical approach: For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

Links to applicable criteria:

[Corporate Credit Rating Methodology](#)

[Framework for Liquidity Analysis in Corporate Ratings](#)

[Real Estate Entities](#)

About the company

CTPPL (erstwhile Sofed Retailer Private Limited) was promoted as a special purpose vehicle to set up an IT Park at Manesar, Gurgaon. At present, 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. 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. While 8.8 lakh sq ft has been developed in phase one, and phase two is yet to commence.

In FY2017, the firm reported a net loss of Rs. 1.42 crore on an operating income (OI) of Rs. 4.85 crore compared to a net loss of Rs. 2.10 crore on an OI of Rs. 5.63 crore in the previous year.

Key financial indicators (audited)

	FY2016	FY2017
Operating Income (Rs. crore)	5.63	4.85
PAT (Rs. crore)	-2.10	-1.42
OPBDIT/OI (%)	-33.74%	-50.64%
RoCE (%)	-1.37%	-1.59%
Total Debt/TNW (times)	4.38	5.24
Total Debt/OPBDIT (times)	-57.25	-49.89
Interest Coverage (times)	-5.94	-4.16
NWC/OI (%)	1997%	2458%

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years

Instrument	Current Rating (FY2018)		Chronology of Rating History for the past 3 years						
	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2017		Date & Rating in FY2016	Date & Rating in FY2015	
1 Term Loan	Long Term	68.84	85.92	March 2018 [ICRA]D	March 2017 [ICRA]D	April 2016 [ICRA]D	February 2015 [ICRA]D	May 2014 [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: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loans	February 2015	NA	December 2027	68.84	[ICRA]D

Source: CTPPL

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