

Adlabs Entertainment Limited

April 05, 2018

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities – Term loan	1,015.84	CARE D	Reaffirmed
Total Facilities	1,015.84 (Rs. One thousand and fifteen crore and eighty four lakhs only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The reaffirmation of the rating is on account of ongoing delays in interest servicing related to the term loans.

Detailed description of the key rating drivers

Key Rating Weaknesses

- Due to the weakened liquidity position, there have delays in servicing of interest on term loans by the company. During FY17, the company reported total income of Rs.239.15 crore as compared to Rs.256.94 crore in FY16. Further, during the year ended March 31, 2017, the net loss increased to Rs.117.14 crore as compared to net loss of Rs.90.71 crore in the previous year. During 9MFY18, the company reported total income of Rs. 185.67 crore and net loss of Rs. 115.10 crore as compared to Rs. 183.81 crore and Rs.85.95 crore during the corresponding period.
- During FY17, the decline in total income and increase net loss was mainly on account of demonetization announced by the government of India which coincided with the peak revenue season of the company (October-December) which led to lower footfalls and in turn impacted the total income and profitability of the company. However, during 9MFY18, the footfall grew by 13% to 13.00 lakh vs 11.47 lakh in 9MFY17.

Analytical approach: Standalone

Applicable Criteria:

CARE's Policy on Default Recognition

About the Company

AEL, which is promoted by Mr. Manmohan Shetty and his family in 2009, owns and operates an amusement park called 'Imagica - located at Khopoli - Pali road, Khalapur, off the Mumbai - Pune Expressway. The amusement park includes has a Theme Park, a Water Park, a Hotel & now a Snow Park as well.

The aforesaid developments are spread over an aggregate area of approximately 132 acres out of the total land parcel of 302 acres at Khopoli. The surplus land would be utilized for developing a township project by Walkwater Properties Pvt Ltd, a wholly owned subsidiary of AEL. AEL also owns and operates an array of Food and Beverages (F&B) outlets as well as retail and merchandise shops inside the theme park and water park.

Theme park, having 25 rides and attractions, started part operations in April 2013 and became fully operational on November 1, 2013. Water park, which is located adjacent to the theme park, has 14 kinds of water slides and wave pools and became fully operational on October 1, 2014. This water park has a separate admission ticket and a separate entrance from the theme park.

The company is under the process of reducing its debt by divestment of its non-core business. During November 2017, the board has approved for sale of land admeasuring 204 acres to an identified buyer which will reduce the company's debt by Rs. 150.00 crore and sale of Novotel Imagica, Khopoli (a five star luxury hotel located in a theme park) and

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another 8 acres of land parcel with an overall consideration of Rs. 212.00 crore. The above measures will help in reducing the overall outstanding debt by 35%. The company has already received shareholders' approval. However, lenders approval is yet to be procured.

Pursuant to above sale, AEL shall still be left with unutilized land of 30 acres for additions/ expansions to the park attractions.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	256.94	239.51
PBILDT	44.76	61.36
PAT	-90.71	-117.14
Overall gearing (times)	1.72	2.24
Interest coverage (times)	0.41	0.51

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	June 2024	1015.84	CARE D

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Term Loan	LT	1015.84	CARE D	-	1)CARE D (06-Jul-17)	1)CARE BBB- (22-Aug-16)	1)CARE BBB- (25-May-15)

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