

Adlabs Entertainment Limited

March 18, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Bank Facilities	1015.84	CARE D; ISSUER NOT COOPERATING* [Single D; ISSUER NOT COOPERATING*]	Issuer not cooperating; Rating reaffirmed; Best on the best available information
Total	1015.84 (Rs. One Thousand and fifteen crore and eighty four lakhs only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

Adlabs Entertainment Limited(AEL) has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE's rating on AEL's bank facilities will now be denoted as **CARE D; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

Detailed description of the key rating drivers

At the time of last rating on April 05, 2018, the following were the rating weaknesses (updated for the information available from the annual report published on the AEL's website).

The rating continue to takes into account 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 been delays in servicing of interest on term loans by the company.**
During FY18, the company reported total income of Rs.237.28 crore which is marginally lower than Rs.239.51 crore in FY17. Further, during the year ended March 31, 2018, the net loss increased to Rs.155.17 crore as compared to net loss of Rs.117.14 crore in the previous year. During 9MFY19, the company reported total income of Rs. 189.50 crore and net loss of Rs. 118.52 crore as compared to Rs. 185.67 crore and Rs.115.10 crore during the corresponding period.

Analytical approach: Standalone

Applicable Criteria:

[Policy in respect of Non-cooperation by issuer](#)
[CARE's Policy on Default Recognition](#)

About Adlabs Entertainment Limited:

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 another 8 acres of land parcel with an overall consideration of Rs. 212.00 crore. The above measures will help in reducing

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

*Issuer did not cooperate; Based on best available information

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)	FY17 (A)	FY18 (A)
Total operating income	239.51	237.28
PBILDT	61.36	63.67
PAT	-117.14	-155.17
Overall gearing (times)	2.24	2.63
Interest coverage (times)	0.51	0.50

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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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

**Issuer did not cooperate; Based on best available information*

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 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - LT-Term Loan	LT	1015.84	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE D (05-Apr-18)	1)CARE D (06-Jul-17)	1)CARE BBB- (22-Aug-16)	1)CARE BBB- (25-May-15)

**Issuer did not cooperate; Based on best available information*

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