

JULY 29, 2014

CARE REAFFIRMS RATING TO THE BANK FACILITIES OF MANI SQUARE LTD.

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	420.94	CARE BB+ (Double B Plus)	Reaffirmed
Total Facilities	420.94		

Rating Rationale

The rating of Mani Square Ltd (MSL) continues to be constrained by the company's moderate financial risk profile marked by high debt levels in the form of high cost inter-corporate deposits (ICDs; repayable on demand), risk of implementation of ongoing projects, significant exposure in group companies, risk of non-renewal of lease agreements after lock-in-period, increasing competition with plethora of ongoing projects in and around Kolkata, dependence on the retail and real-estate sector, which, in turn, is dependent on macro-economic factors.

The rating weakness is partially offset by experience and successful track record of the promoter in real estate sector, improvement in the liquidity profile due to recasting of the lease rental discounting (LRD) loans leading to lower debt obligation vis-a-vis lease rentals and satisfactory advancement of Swarnamani Project.

Ability of the company to complete the Swarnmani project on time and at the estimated cost as well as ensure off-take of balance inventory as per envisaged timelines shall be the key rating sensitivity.

Background

Mani Square Ltd. (MSL), part of the Kolkata-based Mani Group, is engaged in the construction, development and maintenance of commercial, retail as well as residential real estate. It owns and manages Mani Square Mall, which is a 7,30,000 square feet retail mall in Kolkata. Opened to public in June, 2008, the mall comprises retail shops, a multiplex, number of restaurants, food court and a gaming zone. The mall space is offered on rent for varying period ranging between three to nine years, with rent escalation clause of 12%-15% after every three years. This apart, the company also has arrangements with certain tenants whereby a fixed commission on net sales or fixed monthly rent, whichever is higher, is charged on a monthly basis. Over the last four years, the mall has enjoyed high occupancy levels (around 90%) and houses some of the leading national and international brands.

Mani group, promoted by Shri Sanjay Jhunjhunwala in 1980, is a well-known Kolkata based real estate group with over 40 completed projects comprising of both residential and commercial projects, mostly in Kolkata, under various companies. In FY14 (Provisional) MSL has achieved PBILDT of Rs.25.20 crore (Rs.73.95 crore in FY13) and PAT of Rs.2.40 crore (Rs.1.85 crore in FY13) on total operating income of Rs.60.70 crore (Rs.206.00 crore in FY13).

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