

Ozone Projects Private Limited

October 14, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating1	Rating Action
Non-Convertible Debenture Issue	126.30	CARE D (Single D)	Revised from CARE C; ISSUER NOT COOPERATING (Single C) and removed from INC

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating of NCD issue of Ozone Projects Private Limited (OPPL) was earlier placed under Issuer Non Cooperating as the Company had not provided confirmation on redemption status of above NCD which fell due on June 30, 2020. CARE is now in receipt of information on redemption status and therefore rating is removed from Issuer Non Cooperation. The Company has submitted Amended Debenture Trustee Deed dated July 29, 2020 to CARE where the redemption date has been revised to June 30, 2021 along with revision in coupon payment dates. Based on the revised schedule, the coupon payments fell due on July 31, 2020 and August 10, 2020 while the payment for both was paid with delay on August 13, 2020 and hence the revision in rating.

Rating Sensitivities

Positive Factors - Factors that could lead to positive rating action/upgrade:

- Delay free track record in payment of principal and coupon of rated bonds consecutively for 3 months alongwith improvement in liquidity position.

Negative Factors- Factors that could lead to negative rating action/downgrade: Not Applicable

Detailed description of the key rating drivers

Key Rating Weaknesses

Delay in NCD interest payment: Earlier, the redemption date of NCDs fell due on June 30, 2020, regarding which CARE was not in receipt of payment confirmation. Subsequently, CARE received amended DTD, where the investor had given consent for extension of redemption by 1 year to June 30, 2021 along with revised coupon payment schedule. Based on the revised schedule, the coupon payments which fell due on July 31, 2020 and August 10, 2020 were serviced with delay on August 13, 2020 as per email confirmation from the Company received on October 13, 2020.

Liquidity: Poor

Liquidity position is poor as the company is not able to generate enough cash flows for servicing its debt obligations due to subdued sales and collection from the project and hence has been deferring redemption date of NCDs with approval from the investor.

Analytical approach: Standalone

Applicable Criteria:

[CARE's Policy on Default Recognition](#)

[Criteria on assigning Outlook and Credit watch to Credit Ratings](#)

[CARE's Policy on Real Estate](#)

[Financial ratios- Non Financial Sector](#)

About the Company

Incorporated in 2005, Ozone Projects Pvt. Ltd. (OPPL) is promoted by the Bengaluru based Ozone group and is currently developing a township at Anna Nagar, Chennai called 'Ozone Metrozone'.

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

Brief Financials (Rs. crore)	FY18 (A)	FY19 (Prov)
Total operating income	97.13	192.63
PBILDT	238.01	258.39
PAT	-2.10	-19.75
Overall gearing (times)	14.11	61.67
Interest coverage (times)	1.00	0.98

A: Audited, Prov: Provisional

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure 4

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non Convertible Debentures	INE636107039	June 30, 2016	14.25%	June 30, 2021	126.30	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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Debentures-Non Convertible Debentures	LT	-	-	1)Withdrawn (03-Apr-20)	1)CARE C (10-Jan-20)	1)CARE B; Stable (11-Jan-19) 2)CARE D; ISSUER NOT COOPERATING* (03-May-18)	1)CARE B; Stable; ISSUER NOT COOPERATING* (11-Jan-18) 2)CARE BB; Stable (27-Dec-17)
2.	Debentures-Non Convertible Debentures	LT	126.30	CARE D	1)CARE C; ISSUER NOT COOPERATING (09-Jul-20) 2)CARE C (03-Apr-20)	1)CARE C (10-Jan-20)	1)CARE B (SO); Stable (11-Jan-19)	1)CARE B (SO); Stable; ISSUER NOT COOPERATING* (11-Jan-18) 2)CARE BB (SO); Stable (27-Dec-17)

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities

Name of the Instrument	Detailed explanation
A. Non financial covenants	
Debentures	<ul style="list-style-type: none"> • Interest rate of 14.25% and interest shall be payable on quarterly basis • The debentures shall rank pari passu inter se without any preference of one over the others • On occurrence of default, the outstanding principal together with all other amounts due shall, forthwith, become due and payable to the debenture holders along with default interest.
B. Non financial covenants	
Debentures	Until final settlement date, the issuer shall not without prior permission: <ul style="list-style-type: none"> • Effect any change to issuer's capital structure • Under take guarantee obligations on behalf of any other person • Declare or pay any dividends, interest or distributions of any nature

Annexure 4: Complexity level of various instruments rated for this company

Sr No	Name of instrument	Complexity level
1	Debentures-Non Convertible Debentures	Simple

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

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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

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