

Press Release

Shanti Developers

February 03, 2021



Rating withdrawn

Total Bank Facilities Rated	Rs.7.40 crore
Long Term Rating	ACUITE B- (Upgraded from ACUITE D and Withdrawn)

Rating Rationale

Acuité has withdrawn and upgraded the long term rating to '**ACUITE B-**' (**read as ACUITE B minus**) from '**ACUITE D**' (**read as ACUITE D**) on the Rs.7.40 crore bank facilities of Shanti Developers.

The withdrawal is on account of client's request and receipt of NOC from the banker. The withdrawal is in accordance with Acuité's policy on withdrawal.

The upgrade is on account of verbal and written confirmation from the banker about the facilities being closed.

Shanti Developers (SD) established in the year 2001, is a Mumbai –bases real estate developer. The firm is promoted by Mr. Hitesh R. Makhecha and Mrs. Nisha H. Makhecha. The firm is currently developing two re-development projects—Sai Krupa and Om Divya—both at Kandivali (West), Mumbai, with a total area of 0.85 lakh sq. ft. under development.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of SD to arrive at this rating.

Key Rating Drivers

Strengths

- **Established track record and experienced promoters**

Shanti Developers (SD) established in the year 2001, is a Mumbai –bases real estate developer and has about nineteen years of experience in real estate industry. The firm is promoted by Mr. Hitesh R. Makhecha and Mrs. Nisha H. Makhecha. The firm is currently developing two re-development projects—Sai Krupa and Om Divya

Weaknesses

- **Working capital intensive operations**

The firm's working capital operations are efficient marked by Gross Current Asset days of 671 days in FY2020 (Prov) as against 845 days in FY2019. This is majorly on account of high debtor period of 671 days in FY2020 (Prov). Acuite believes that the SD's operations are likely to remain working capital intensive on account of high credit period extended to its customers.

Rating Sensitivity

Not applicable

Material Covenants

None

Liquidity Profile: Stretched

The firm's liquidity is strong marked by net cash accruals of Rs.0.15 crore in FY2020. The current ratio stood at 1.40 times as on March 31, 2020(Prov) as against 1.13 times as on March 31, 2019. The company maintains unencumbered cash and bank balances of Rs.0.15crore as on March 31, 2020(Prov).

About the Rated Entity - Key Financials

	Unit	FY20 (Prov)	FY19 (Actual)
Operating Income	Rs. Cr.	3.65	2.78
PAT	Rs. Cr.	0.15	0.02
PAT Margin	(%)	4.23	0.84
Total Debt/Tangible Net Worth	Times	0.79	4.21
PBDIT/Interest	Times	-	-

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Entities - <https://www.acuite.in/view-rating-criteria-51.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
27-Dec-19	Term Loan	Long Term	7.40	ACUITE D *Issuer not cooperating
03-Oct-18	Term Loan	Long Term	7.40	ACUITE D *Issuer not cooperating
16-Feb-17	Term Loan	Long Term	7.40	ACUITE D *Issuer not cooperating
11-Sep-2015	Term Loan	Long Term	7.40	ACUITE D (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs.) Crore	Ratings/Outlook
Term Loan	Not Available	Not Applicable	Not Available	7.40	ACUITE B- (Upgraded from ACUITE D and Withdrawn)

Contacts

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About Acuité Ratings & Research:

Acuité Ratings & Research Limited is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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