

Press Release

Asrec India Limited

May 09, 2023



Rating Downgraded and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	100.00	ACUITE BB+ Downgraded Issuer not co-operating*	-
Total Outstanding Quantum (Rs. Cr)	100.00	-	-

Rating Rationale

Acuite has downgraded the long-term rating from '**ACUITE BBB+**' (read as **ACUITE triple B plus**) to **ACUITE BB+** (read as **ACUITE double B plus**) on the Rs.100.00 Cr. bank facilities (including proposed facilities) of Asrec India Limited (AIL). The rating continues to be an indicative rating and is based on the best available information.

This rating has been downgraded on account of information risk.

About the Company

Mumbai based, Asrec India Limited (AIL) was incorporated in 2003. AIL is engaged in acquiring distressed assets from banks and financial institutions and resolving them through appropriate resolution strategies. The company is sponsored by prominent public sector banks and institutions. The Board comprised of eight members led by Mr. Girish Sharan Sinha, Managing Director and CEO of the company, the other members include the nominees from sponsor banks. The top management is supported by functional professionals expertised in areas pertaining to credit, recovery, and law.

Non-cooperation by the issuer/borrower:

Acuite has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before the due date. Acuite believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with an unwillingness to provide information could be a sign of potential deterioration in its overall credit quality. This rating is therefore being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuite's policies.

Limitation regarding information availability:

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuite endeavored to gather information about the entity/industry from the public domain. Therefore, Acuite cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

Key Financials

Particulars	Unit	FY22 (Actual)	FY21 (Actual)
Total Assets	Rs. Cr.	258.48	293.52
Total Income*	Rs. Cr.	53.52	43.06
PAT	Rs. Cr.	20.37	11.99
Net Worth	Rs. Cr.	186.95	165.70
Return on Average Assets (RoAA)	(%)	7.38	4.83

Return on Average Net Worth (RoNW)	(%)	11.55	7.49
Debt/Equity	Times	0.17	0.45

*Total income equals Net Interest Income plus other income.

Rating Sensitivity

No information provided by the issuer/available for Acuité to comment upon.

Material Covenants

None

Liquidity Position

No information provided by the issuer/available for Acuité to comment upon.

Outlook

Not applicable

Other Factors affecting Rating

None

Status of non-cooperation with previous CRA

None

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Asset Reconstruction Companies: <https://www.acuite.in/view-rating-criteria-85.htm>

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
14 Nov 2022	Secured Overdraft	Long Term	10.00	ACUITE BBB+ (Downgraded and Issuer not co-operating*)
	Term Loan	Long Term	37.26	ACUITE BBB+ (Downgraded and Issuer not co-operating*)
	Proposed Cash Credit	Long Term	52.74	ACUITE BBB+ (Downgraded and Issuer not co-operating*)
16 Aug 2021	Secured Overdraft	Long Term	10.00	ACUITE A- Stable (Assigned)
	Proposed Cash Credit	Long Term	52.74	ACUITE A- Stable (Reaffirmed)

	Term Loan	Long Term	37.26	ACUITE A- Stable (Reaffirmed)
16 Oct 2020	Term Loan	Long Term	37.26	ACUITE A- Negative (Assigned)
	Cash Credit	Long Term	50.00	ACUITE A- (Withdrawn)
	Proposed Cash Credit	Long Term	62.74	ACUITE A- Negative (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of Mauritius Ltd	Not Applicable	External Commercial Borrowing	Not Applicable	Not Applicable	Not Applicable	Simple	37.26	ACUITE BB+ Downgraded Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	52.74	ACUITE BB+ Downgraded Issuer not co-operating*
State Bank of Mauritius Ltd	Not Applicable	Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	Simple	10.00	ACUITE BB+ Downgraded Issuer not co-operating*

Contacts

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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 Kanjurmarg, Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.