

Press Release

Asnani Builders And Developers Limited

July 06, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 5.00 Cr.
Long Term Rating	ACUITE B / Outlook: Stable
Short Term Rating	ACUITE A4

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B**' (**read as ACUITE B**) and short term rating of '**ACUITE A4**' (**read as ACUITE A four**) on the Rs. 5.00 crore bank facilities of Asnani Builders And Developers Limited. The outlook is '**Stable**'.

Asnani Builders & Developers Limited (ABDL), incorporated in 1992, is a Madhya Pradesh based company promoted by Mr. Om Prakash Kriplani, Mrs. Jaya Kriplani, Mr. Vishan Das Asnani and Mrs. Adita Asnani. ABDL is engaged in providing land to real estate players under Joint Venture. Further, the company has MSO license and is starting their own news channel called 'Anaadi TV' from July, 2018.

Key Rating Drivers

Strengths

- **Established track record of operations and experienced management**

ABDL has established track record of operations of more than two decades. Further, the promoters of the company collectively possess more than two decades of experience in the same industry.

- **Above average financial risk profile**

The financial risk profile is moderate marked by tangible net worth of Rs.25.63 crore as on 31 March, 2017 as against Rs.23.32 crore in the previous year. The gearing stood at 0.39 times on 31 March, 2017 as against 0.19 times in the previous year. The Interest coverage ratio (ICR) stood at 2.83 times for FY2017 as against 8.78 times in FY2016. The total liabilities to tangible net worth (TOL/TNW) stood at 1.11 times as on 31 March, 2017 as against 0.90 times in the previous year. The net cash accruals to total debt (NCA/TD) stood at 0.14 times in FY2017 compared to 0.62 times in FY2016.

Weaknesses

- **Modest scale of operations with declining profitability**

ABDL registered operating income of Rs.12.55 crore for FY2017 as against Rs.12.27 crore for FY2016 and Rs.13.81 crore as on FY2015. The company exhibits uneven trend in its operating income. Also, ABDL registered PAT of Rs.1.03 crore for FY2017 as against Rs.2.32 crore for FY2016 and Rs.2.71 crore as on FY2015, which shows a declining trend.

- **Profitability susceptible to cyclicity in real estate sector**

The real estate industry is highly fragmented with most of the real estate developers, having a city specific or region specific presence. The risks associated with real estate industry are cyclical nature of business (drop in property prices) and interest rate risk that can affect operations, among others. ABDL's business is dependent on the real estate industry, hence profitability is susceptible to cyclicity in real estate sector.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of Asnani Builders & Developers Limited to arrive at the rating.

Outlook: Stable

Acuité believes that the outlook on ABDL's rated facilities will remain 'Stable' over the medium term on account of its promoter's extensive experience and established operational track record. The outlook may be revised to 'Positive' in case of significant growth in revenue and profitability while effectively managing its financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of decline in revenue, profitability and deterioration in the financial profile.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	12.55	12.27	13.81
EBITDA	Rs. Cr.	2.93	4.36	4.67
PAT	Rs. Cr.	1.03	2.32	2.71
EBITDA Margin	(%)	23.35	35.53	33.85
PAT Margin	(%)	8.17	18.89	19.63
ROCE	(%)	8.24	16.18	38.28
Total Debt/Tangible Net Worth	Times	0.39	0.19	0.13
PBDIT/Interest	Times	2.83	8.78	18.29
Total Debt/PBDIT	Times	3.34	0.96	0.55
Gross Current Assets (Days)	Days	1324	1066	789

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

None

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Mortgage loan facility	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE B / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE A4

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About Acuité Ratings & Research:

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