

Press Release

Asnani Builders And Developers Limited

December 10, 2019



Rating Downgraded, Assigned and Withdrawn

Total Bank Facilities Rated*	Rs. 5.00 Cr.
Long Term Rating	ACUITE D (Downgraded from ACUITE B)
Long Term Rating	ACUITE C (Assigned)

* Refer Annexure for details

Rating Rationale

Acuité has downgraded the long term rating to '**ACUITE D**' (**read as ACUITE D**) from '**ACUITE B**' (**read as ACUITE B**) to the Rs 3.00 crore bank facilities and has assigned the long term rating to '**ACUITE C**' (**read as ACUITE C**) to the Rs. 2.00 crore bank facilities of Asnani Builders & Developers Limited (ABDL).

Further, Acuité has withdrawn short term rating of '**ACUITE A4**' (**read as ACUITE A four plus**) on the Rs 2.00 crore bank facilities of ABDL.

ABDL was incorporated in 1992 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. The company has multi system operator (MSO) license and has started their own news channel called 'Anaadi TV' in 2018.

Downgrade in the rating reflects continuous delays in servicing of interest obligations of bank facilities during the last three months.

Analytical Approach

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

Key Rating Drivers

Strengths

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

The company has established track record of operations of more than two decades. The promoters Mr Om Prakash Kriplani, Mrs. Jaya Kriplani, Mr. Vishan Das Asnani and Mrs. Adita Asnani have more than two decades of experience in real estate development.

Acuité believes that the group will continue to benefit from the promoter's established presence in the industry.

Weaknesses

- **Delay in debt servicing:**

The rating reflects delays in servicing of debt obligations. There have been instances of delay in servicing of interest payments of bank facilities over the past three months.

- **Susceptible to real estate cyclicity and regulatory risks:**

The real estate industry is highly fragmented with most of the real estate developers having the city/region specific presence. The risks associated with real estate industry are cyclical in nature of business, which may affect its profitability. Further, the real estate industry is exposed to regulatory risk, which is likely to impact players such as ABDL, thereby impacting its operating capabilities.

Rating Sensitivity

- Timely repayment of debt obligation
- Healthy growth in revenues and operating margins.
- Deterioration in liquidity position.

Material Covenants:

None

Liquidity Position: Poor

The liquidity of the company is poor led by continues delays in servicing debt obligations, low cash accruals and high inventory holding period. The company generated cash accrual of Rs 1.68 crore in FY2019 as compared to Rs 1.91 crore in FY2018. The inventory days stood at 442 days in FY2019. The company maintains cash and bank balances of Rs. 0.90 crore as on March 31, 2019. The current ratio of the company stood moderate at 1.82 times as on March 31, 2019. Acuité believes that the liquidity of the company is likely to remain stretched over the medium term on account of weak cash accrual.

About the Rated Entity - Key Financials

	Unit	FY19 (Actual)	FY18 (Actual)
Operating Income	Rs. Cr.	20.34	15.51
PAT	Rs. Cr.	1.33	1.62
PAT Margin	(%)	6.54	10.45
Total Debt/Tangible Net Worth	Times	2.11	1.29
PBDIT/Interest	Times	2.53	2.93

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

None

Any other information

None

Applicable Criteria

- Default Recognition -<https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments -<https://www.acuite.in/view-rating-criteria-20.htm>
- Manufacturing Entities -<https://www.acuite.in/view-rating-criteria-4.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
27-Aug-2019	Mortgage loan facility	Long Term	3.00	ACUITE B (Indicative)
	Bank Guarantee /Letter of Guarantee	Short Term	2.00	ACUITE A4 (Indicative)
06-Jun-2018	Mortgage loan facility	Long Term	3.00	ACUITE B+/Stable (Reaffirmed)
	Bank Guarantee /Letter of Guarantee	Short Term	2.00	ACUITE A4 (Reaffirmed)

***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 D (Downgrade)
Bank Guarantee /Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE A4 (Withdrawn)
Proposed Long Term Facility	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE C (Assigned)

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About Acuité Ratings & Research:

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