

Press Release

Ani Anu Developers Private Limited

July 13, 2020



Rating Upgraded

Total Bank Facilities Rated	Rs. 13.50 crore (Reduced from Rs 18.00 crore)
Long Term Rating	ACUITE B+/ Stable (Upgraded from ACUITE B/ Stable) (Reaffirmed)

* Refer Annexure for details

Rating Rationale

Acuité has upgraded the long term rating to '**ACUITE B+** (**read as ACUITE B plus**) from '**ACUITE B** (**read as ACUITE B**) on the Rs 13.50 crore bank facilities of Ani Anu Developers Private Limited (AADPL). The outlook is '**Stable**'.

The rating upgrade is on account of a steady inflow of customer advances coupled with consistent fund infusion by the promoters. Further, the project is almost on schedule with a delay of about 3 months from the expected date of completion.

Incorporated in 1989, AADPL is a Mumbai based company engaged in real estate development. Till 2017, the company was engaged in trading of textiles. The company is currently developing its first residential project under the name of 'Shree Balaji Enclave' in Mumbai (Maharashtra). The total saleable area of the project is 60000 sq.ft., within which 90 residential units will be developed. The company is presently managed by Mr. Ankush Ashok Gupta and Ms. Akshat Ashok Gupta.

Analytical Approach

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

Key Rating Drivers

Strengths

- **Experienced management**

The promoters of the company, Mr. Ankush Ashok Gupta and Ms. Neha Ankush Gupta have experience of nearly a decade in the development of the residential and commercial property. They have successfully developed other projects under their other group company. The promoters are well versed with the Mumbai real estate market and its dynamics. Acuité believes that AADPL will benefit from the industry experience of its promoters in improving its business risk profile over the medium term.

Weaknesses

- **Moderate project execution risk and low funding risk**

The construction activity is at a moderate stage as the company has completed the construction till 14th floor out of 17 floors and the other floors are in progress. The company has incurred a project cost of around Rs 38.79 crore till date and the same has been funded through promoters' contribution, from related parties and term loan from a bank. The construction is expected to be completed in June, 2021. Hence, going forward, the timely completion of the project will be key monitorable.

- **Inherent cyclical in construction Sector**

The real estate industry in India is highly fragmented with most of the real estate developers, having a city-specific or region-specific presence. The risks associated with the real estate industry are - cyclical nature of business (drop in property prices), interest rate risk, among others. Furthermore, in light of the ongoing economic downturn, the sector is facing issues on many fronts. These include subdued demand, curtailed funding options, rising costs, restricted supply due to delays in approvals, thereby resulting in stress on cash flows.

Rating Sensitivity

- Steady inflow of customer advances
- Timely completion of the project

Material Covenants

None

Liquidity Profile: Adequate

AADPL's liquidity is adequately supported by cash infusion by promoters and related parties. The project is expected to be completed by June, 2021 and the term loan outstanding as on date is Rs 7.22 crore with a quarterly instalment of Rs 1.00 crore. Any delay in completion of the project or lower than expected cash realisation from flat booking will result in a stretched liquidity position.

Outlook: Stable

Acuité believes AADPL will continue to benefit from its experienced management. The outlook may be revised to 'Positive', if the company demonstrates sustained growth in its cash flows from customer advances coupled with timely completion of the project. Conversely, the outlook may be revised to 'Negative', if there is a decline in inflows from customer advances affecting the liquidity.

About the Rated Entity - Key Financials

	Unit	FY19 (Actual)	FY18 (Actual)
Operating Income	Rs. Cr.	8.11	0.94
PAT	Rs. Cr.	0.02	0.01
PAT Margin	(%)	0.21	1.57
Total Debt/Tangible Net Worth	Times	8.80	6.71
PBDIT/Interest	Times	1.03	6.24

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

Not Applicable

Any other information

Not Applicable

Applicable Criteria

- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition -<https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Entities - <https://www.acuite.in/view-rating-criteria-51.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. Crore)	Ratings/Outlook
25-Nov-2019	Term Loan	Long Term	18.00	ACUITE B (Indicative)
21-Sep-2018	Term Loan	Long Term	18.00	ACUITE B/Stable (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term Loan	15-Feb-2020	Not Applicable	Not Available	13.50 (Reduced from Rs 18.00 crore)	ACUITE B+/Stable (Upgraded from ACUITE B/Stable)

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About Acuité Ratings & Research:

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