

Press Release

Arya Capital Management Private Limited

December 18, 2019



Rating Downgraded

Total Instrument Rated*	Rs. 300.00 Cr.
Long Term Rating	ACUITE D (Downgraded from ACUITE B-/Stable)

* Refer Annexure for details

Rating Rationale

Acuite has downgraded the long-term rating to '**ACUITE D**' (read as **ACUITE D**) from '**ACUITE B-**' (read as **ACUITE B minus**) on the Rs.300.00 crore non-convertible debenture (NCD) of Arya Capital Management Private Limited (ACMPL).

The rating downgrade is in view of persistent delays in servicing the debt obligation.

ACMPL was incorporated in 2007 and is promoted by Mr. Arjun Dhawan. ACMPL is member of promoter Group Company of Hindustan Construction Company (HCC). Mr. Arjun Dhawan is a wholetime director and Group CEO on the Board of Directors of HCC Ltd. ACMPL currently holds 16.33% stake in HCC. The proceeds of the NCD issue are deployed for subscribing the rights issue of HCC.

Analytical Approach

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

Key Rating Drivers

Strengths

• Experienced management

ACMPL is promoted by Mr. Arjun Dhawan. Mr. Dhawan holds 98 per cent stake in the ACMPL and is a whole-time Director of HCC. ACMPL is member of promoter Group Company of HCC. HCC is one of the large construction companies in India and is engaged in construction activities which include roads, bridges, ports, power stations, water supply and irrigation projects. The company's construction capabilities include solutions for construction of projects in various complex industries including hydel power, water solution systems, nuclear power and process plants and transportation.

Weaknesses

• Delays in servicing debt obligations

The standalone credit profile of ACMPL is extremely modest and it is dependent on HCC for repayment of its debt obligations. HCC is currently witnessing financial stress and there are on-going delays in servicing of its debts availed from various banks and institutions. This has impeded ability of ACMPL to meet its debt obligation in a timely manner.

Material Covenants

None

Liquidity position: Poor

ACMPL's cash flow is dependent on HCC for redemption of the issue either by direct financial support or refinancing. Further, the liquidity of ACMPL is poor led persistent delays in servicing debt obligations.

About the Rated Entity - Key Financials

	Unit	FY19 (Actual)	FY18 (Actual)
Operating Income	Rs. Cr.	4.37	0.92
PAT	Rs. Cr.	(14.16)	0.02
PAT Margin	(%)	(323.62)	2.04
Total Debt/Tangible Net Worth	Times	3.81	(9.29)
PBDIT/Interest	Times	0.01	-

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.htm>
- Entities in Non-Banking Financing Entities - <https://www.acuite.in/view-rating-criteria-10.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)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
12-Dec-2019	Non-Convertible Debentures	Long Term	300.00	ACUITE B-/Stable (Reaffirmed)
07-Dec-2018	Non-Convertible Debentures	Long Term	300.00	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
Non-Convertible Debentures	Not Applicable	Not Applicable	Not Applicable	300.00	ACUITE D (Downgraded from ACUITE B-/Stable)

Contacts

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About Acuite Ratings & Research:

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