

Press Release

Shashi Prakash V

December 26, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 12.30 Cr.
Long Term Rating	ACUITE B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B**' (**read as ACUITE B**) to the Rs. 12.30 crore bank facilities of Shashi Prakash V (SPV). The outlook is '**Stable**'.

SPV is a Bengaluru based proprietorship concern established in 1991 by Mr. Shashi Prakash V. SPV is engaged in leasing out property at Yeshwanthpur in Bengaluru (Karnataka). The total land area is 21780 sq. ft. with building area of 44820 sq. ft. SPV has only one client i.e. Gokaldas Intimatewear Private Limited which is one of the leading player in the garment industry. The operations of SPV commenced from 2002 after construction of the factory building in 2001.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of Shashi Prakash V for arriving at the rating.

Key Rating Drivers

Strengths

- **Long standing relation and stable revenue stream from lease rentals**

SPV has long term lease contracts with its only tenant Gokaldas Intimatewear Private Limited, a reputed player in the women's garment industry. The agreement was initially signed in 2002 and renewed in 2015 for a period of 15 years. The agreement includes a minimum escalation clause of around 13 percent in every three years.

- **Favorable location**

The property is located in Yeshwanthpur which is an industrial-cum-residential area. It is well connected to other parts of the cities. Many reputed companies such as Integra Micro Software Services, Astra Zeneca, IBM, MRO Tech, Philips, Alcatel Lucent, Nokia Siemens Networks, Cerner are located here.

Weaknesses

- **Tenant concentration risk**

SPV has only one tenant Gokaldas Intimatewear Private Limited. It is exposed to customer concentration risk as the timely renewal of the lease contract by the tenants will be key rating sensitivity factor for SPV.

Outlook: Stable

Acuité believes SPV will maintain a 'Stable' business risk profile over the medium term owing to long term contract with its tenant. The outlook may be revised to 'Positive' in case SPV is able to renew its lease agreement within the stipulated time frame and generates steady cash flows from rental income. The outlook may be revised to 'Negative' in case of deterioration in the SPV's financial risk profile and liquidity position.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	2.33	0.82	6.56
EBITDA	Rs. Cr.	0.90	1.45	1.76
PAT	Rs. Cr.	0.13	0.82	0.50
EBITDA Margin (%)	(%)	38.51	178.03	26.78
PAT Margin (%)	(%)	5.78	100.00	7.65
ROCE (%)	(%)	6.27	11.36	34.44
Total Debt/Tangible Net Worth	Times	1.65	-15.07	-15.15
PBDIT/Interest	Times	1.25	2.79	1.67
Total Debt/PBDIT	Times	9.39	10.05	5.96
Gross Current Assets (Days)	Days	2139	4993	421

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>

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
Term loans	Not Applicable	Not Applicable	Not Applicable	12.25	ACUITE B / Stable
Proposed Long Term Loan	Not Applicable	Not Applicable	Not Applicable	0.05	ACUITE B / Stable

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About Acuité Ratings & Research:

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