

Press Release

Orbit Projects Private Limited

August 28, 2019



Rating Withdrawn

Total Bank Facilities Rated	Rs.45.00 Cr. #
Long Term Rating	ACUITE A- (SO) (Withdrawn)

Refer Annexure for details

Acuité has reviewed and withdrawn the long-term rating of '**ACUITE A- (SO)**' (**read as ACUITE A minus structured obligation**) on the Rs. 45.00 crore bank facilities of ORBIT PROJECTS PRIVATE LIMITED (OPPL).

Acuité, wide its press release dated July 02, 2019 had placed the long-term rating of 'ACUITE A- (SO)' on 'Rating watch with negative implications' in response to the recent announcement by the promoters of Emami Limited diluting 10 per cent of their stake in the company. After this, the revised promoter holding in Emami Limited has been reduced to 52.74 per cent. The proceeds of this stake dilution have been deployed towards repayment of borrowings based on pledge of promoter holding in Emami Limited. Acuité had sought details of the current borrowings from the management, post the above mentioned stake sale and we observe that the aggregate borrowings from various banks and NBFCs based on pledge of promoters shares still continue to be at elevated levels. Further, Acuité has observed that the stock prices of Emami Limited have been exhibiting a declining trend, which could result in increased possibility of margin calls from some of these lenders.

The increased focus of the regulators on such borrowings and recent regulatory changes in respect of mutual fund exposures to pledge based borrowings could result in further challenges in raising funds through this route. The management of the company has indicated its intention to sell AHL's units, real estate properties and its cement assets held in Emami Cement Limited. Acuité is currently in discussions with the management to understand the current status of negotiations with potential buyers, the expected timelines for sale and the expected cash flows from these divestments. Since the promoter's stake is already at 52.74 per cent (both encumbered and unencumbered), Acuité is also seeking clarity on the promoter's stance in case of any further requirement of top-ups by the lenders.

However, the rating is being withdrawn on account of request received from the company and NOC received from the banker.

OPPL is one of the real-estate arms of the Emami Group. OPPL is a subsidiary of Raj Abasan Private Limited, 60 per cent of which is held by Emami Estates Private Limited, which in turn is held by various members of the Agarwal and Goenka families - promoters of the Emami group.

The company primarily focuses on developing residential real estate projects in Kolkata (West Bengal). OPPL has completed six residential projects exceeding 5 lakh sq. ft. in prime locations across Kolkata till date. At present, the company is undertaking two new projects spread over almost 1.65 lakh sq. ft.

Analytical Approach

Acuité has considered standalone business and financial risk profile of OPPL. The expectation of support from Emami Group and credit enhancement in the form of pledge of shares of Emami Limited has been factored in to arrive at the final rating.

About the Rated Entity - Key Financials

	Unit	FY19 (Provisional)	FY18 (Actual)	FY17 (Actual)
Operating Income	Rs. Cr.	17.44	18.78	9.60
EBITDA	Rs. Cr.	24.06	23.28	16.99
PAT	Rs. Cr.	(5.98)	(0.06)	0.21
EBITDA Margin	(%)	137.99	123.97	176.97
PAT Margin	(%)	(34.29)	(0.33)	2.20
ROCE	(%)	10.91	12.64	11.28
Total Debt/Tangible Net Worth	Times	61.69	20.38	15.70
PBDIT/Interest	Times	0.82	1.01	1.03
Total Debt/PBDIT	Times	9.39	8.35	8.72
Gross Current Assets (Days)	Days	5,096	4,085	6,582

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

None.

Any other information

None.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.htm>
- Real Estate Entities - <https://www.acuite.in/view-rating-criteria-41.htm>
- Financial Ratios And Adjustments- <https://www.acuite.in/view-rating-criteria-20.htm>
- Criteria for Rating of Securitized Transactions - <https://www.acuite.in/view-rating-criteria-29.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
02-July-2019	Term Loan	Long Term	15.00	ACUITE A- (SO) (Rating watch with negative implications)
	Proposed Bank Facility	Long Term	30.00	ACUITE A- (SO) (Rating watch with negative implications)
08-Jan-2019	Term Loan	Long Term	15.00	ACUITE A- (SO)/ Stable (Assigned)
	Proposed Bank Facility	Long Term	30.00	ACUITE A- (SO)/ 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	Not Applicable	Not Applicable	Not Applicable	15.00	ACUITE A- (SO) (Withdrawn)
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	30.00	ACUITE A- (SO) (Withdrawn)

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About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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