



Press Release
Deeta Constructions Private Limited
June 28, 2024
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	467.00	ACUITE D Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	467.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of '**ACUITE D**' (read as **ACUITE D**) to the Rs.467.00 Cr. bank facilities of Deeta Constructions Private Limited(DCPL).

Rationale for the reaffirmation

The rating reaffirmation is on account of delays in servicing of term loan and irregular account conduct as per the banker's feedback. Consequently, the account is currently marked as SMA-2 by the lender.

About the Company

Deeta Constructions Private Limited (DCPL) is a Karnataka-based company incorporated in 2006. The company is engaged in activities relating to real estate. The company is managed by Mr. Thippareddygar Harikrishna and Mr. Gopinath Raj Kumar. DCPL is a subsidiary of Mantri Developers Private Ltd. and is part of Mantri Group. DCPL operates a commercial complex named Mantri Commercio, located in Marathahalli, Bangalore. The total area of the building is 4.69 lakh sq. ft.

Unsupported Rating

Not applicable

Analytical Approach

Acuite has considered standalone business and financial risk profile of Deeta Constructions Private Limited(DCPL) to arrive at the rating.

Key Rating Drivers

Strengths

- **Experiences management and established track record in real estate**

Deeta Constructions Private Limited (DCPL) is managed by Mr. Thippareddygarri Harikrishna and Mr. Gopinath Raj Kumar. DCPL is a subsidiary of Mantri Developers Private Ltd. and part of the Mantri Group, which has more than two decades of experience in the real estate and construction business. Mantri Group has a long track record of executing residential and commercial projects in cities like Bengaluru, Hyderabad, Chennai, Pune, and Delhi.

Weaknesses

- **Instance of delay and irregularities account conduct**

There have been continues instances of delays in the servicing of term loan obligations by DCPL as confirmed by the banker and as reflected in company's account statements. As per the banker's feedback, DCPL's account is currently marked SMA-2.

Rating Sensitivities

- Regular servicing of its debt obligations.

Liquidity Position: Poor

The liquidity position of the company is marked poor on account of continued instances of delays in servicing of debt obligations.

Outlook: Not applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	37.76	37.33
PAT	Rs. Cr.	(4.59)	(5.60)
PAT Margin	(%)	(12.15)	(15.01)
Total Debt/Tangible Net Worth	Times	(4.05)	(4.12)
PBDIT/Interest	Times	1.04	1.03

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-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Real Estate Entities: <https://www.acuite.in/view-rating-criteria-63.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
31 Mar 2023	Lease Rental Discounting	Long Term	467.00	ACUITE D (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Canara Bank	Not avl. / Not appl.	Lease Rental Discounting	Not avl. / Not appl.	Not avl. / Not appl.	28 Dec 2034	Simple	467.00	ACUITE D Reaffirmed

Contacts

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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 Kanjurmarg, Mumbai.

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