

RATING RATIONALE

13 July 2023

Assets Care & Reconstruction Enterprise Limited

Brickwork Ratings downgrades the rating for the Bank Loan Facilities of Rs. 130 Crs. of Assets Care & Reconstruction Enterprise Limited (ACRE) based on best available information, as the Issuer did not Cooperate.

Particulars

Facility/ Instruments **	Amount Rs Crs		Tenure	Rating*	
	Previous	Present		Previous (13 Jan 2023)	Present
Bank Loan (Fund Based)	130.00	130.00	Long Term	BWR BBB+ /Stable/ ISSUER NOT COOPERATING* / Downgraded	BWR BB+/Stable/ Continues to be ISSUER NOT COOPERATING*/ Downgraded
TOTAL	130.00	130.00	Rupee One Hundred Thirty Crores Only/-		

@Please refer to BWR website www.brickworkratings.com/ for the definition of the ratings

*Issuer did not cooperate; based on best available information

**Details of Bank loan facilities in Annexure-1

RATING ACTION/OUTLOOK/NATURE OF NON-COOPERATION

Brickwork Ratings (BWR) has downgraded the rating for the Bank loan facilities to BWR BB+/Stable for Rs.130 Crs. of Assets Care & Reconstruction Enterprise Limited (ACRE), as tabulated above. Despite BWR's best efforts to obtain at least the minimum required information for a rating review, the Company has not provided the same.

BWR has not received any financial updates post FY 21 and onwards. In absence of adequate information from the Company, continued lack of cooperation, and non-submission of No Default Statement (NDS), BWR is unable to assess the entity's financial performance and its ability to service its debt and maintain a valid rating. Based on inadequate information, non submission of No default statements, and lack of cooperation, BWR has downgraded the rating of the Bank Loan facilities to 'BWR BB+/Stable/Continues to be Issuer Not Cooperating', based on the best available information.

LIMITATIONS OF THE RATING

Information availability risk is a key factor in the assessment of credit risk as generally, noncooperation by the rated entities to provide required information for a review of the assigned rating may also be accompanied by financial stress. The current rating action has been taken on the basis of the limited information on the issuer's performance. Accordingly, the lenders, investors and

LIMITATIONS OF THE RATING Information availability risk is a key factor in the assessment of credit risk as generally, noncooperation by the rated entities to provide required information for a review of the assigned rating

may also be accompanied by financial stress. The current rating action has been taken on the basis of the limited information on the issuer's performance. Accordingly, the lenders, investors and other market participants are advised to exercise appropriate caution while using this rating as it may not adequately reflect the credit risk profile of the society, despite the downgrade.

About the Company

Asset Care and Reconstruction Enterprises Ltd (ACRE) is a unlisted public limited company, based out of New Delhi. It was incorporated in June 2002 under the name Asset Care Enterprises Ltd. The company was renamed as Asset Care and Reconstruction Enterprise Ltd(ACRE) in November 2010. ACRE is a RBI registered Asset Reconstruction Company (ARC), established under the provisions of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI Act), 2002. The company was granted license by RBI in October 2003 and started its operations in July 2007. ACRE is one of the first ARC's of India, engaged in the business of acquisition of Non-Performing Assets from Banks/FIs and their resolution as per the guidelines stipulated by Reserve Bank of India. The Company attempts to unlock the value of distressed assets acquired from the books of secured lenders viz. Banks, Financial Institutions and NBFCs.

KEY FINANCIAL INDICATORS - (Latest available with BWR)

Key Parameters	Units	FY21	FY22	FY23
Result Type		Aud	Prov	Aud
Total Income	Rs in Crs	257.63	NA	NA
PAT	Rs in Crs	87.29	NA	NA
Net Worth	Rs in Crs	420.79	NA	NA
Gearing	Rs in Crs	3.01	NA	NA
AUM	Rs in Crs	8539.21	NA	NA

Note: Financials not available post FY 21

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY IF ANY

Nil

ANY OTHER INFORMATION

NIL

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]

Sr No	Instrument / Facilities	Current Rating 2023			Rating History		
		Type	Amount (Rs.Crs.)	Rating	13 Jan 2023	14-Dec-21	6-Nov-20
1	Fund Based	Long Term	130	BWR BB+/ Continues to be issuer not cooperating* Downgraded	BWR BBB+/Stable/ ISSUER NOT COOPERATING*/ Downgraded	BWR A+/Stable (Upgraded)	BWR A/Stable
	TOTAL		130	Rupee One Hundred Thirty Crores Only/-			

*Issuer did not cooperate; based on the best available information

**COMPLEXITY LEVELS OF THE INSTRUMENTS -
Bank Loan facilities - Simple**

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Banks and Financial Institutions](#)
- [Policy on Non-cooperation](#)

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Assets Care & Reconstruction Enterprise Limited

ANNEXURE I

Details of Bank Loan Facilities rated by BWR:

Sl. No.	Name of the Bank	Type of Facilities	Long Term (Rs. Crs.)	Short Term (Rs. Crs.)	Total (Rs. Crs.)
1	Punjab National Bank	Overdraft	75.00	0.00	75.00
2	Federal Bank	Overdraft	7.48	0.00	7.48
3	Federal Bank	Cash Credit	15.00	0.00	15.00
	Proposed Bank Loans		32.52	0.00	32.52
Total Rupees One Hundred and Thirty Crs. only					130.00

ANNEXURE- II

INSTRUMENT (NCD/CPs) Details: Not Applicable

ANNEXURE- III

List of Entities Consolidated : Not Applicable

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