



Rating Rationale

ACME Builders (P) Ltd.

02 Aug ,2019

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 50.00 Crs of ACME Builders (P) Ltd..

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	50.00	Long Term	BWR D (Pronounced as BWR single D)
Total	50.00	INR Fifty Crores Only	

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

BWR has essentially relied upon audited financials of the company up to FY18, provisional financials of FY19, publicly available information and information/clarifications provided by the company's management.

The rating has factored the long established track record of the promoters in the real estate industry along with different types of projects delivered.

However, the rating gets constrained due to consistent delays in servicing of debt and slowdown in the real estate sector, particularly in the residential segment.



Description of Key Rating Drivers

- **Rating Strengths:**

Vintage of Promoters:- Around 2 decades of experience of promoters, with established track record in real estate activities in Chandigarh-Mohali area.

Status of Projects :- Completed and delivered a project named ACME Floors Sector-110, Mohali and now they are constructing an another project named Acme Eden Court in Sector 91, Mohali. It is a 6 tower project with 375 units, of which around 60% of construction has been completed.

- **Rating Risks:**

Delayed Servicing of Debt :- There has been a consistent delay in servicing of interest as well as principal for the past few months.

Slowdown in Real Estate Sector :- The realty market, especially the residential segment has witnessed a constant decline post Demonetization, GST implementation and RERA, which led to crashing of prices , huge unsold inventory, several stalled projects due to liquidity crunch and almost negligible appreciation

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

About the Company:

Formed in the year 1999, Acme Builders is a Real Estate consultant and residential property dealer of Chandigarh. The company has completed and delivered a project named ACME Floors Sector-110, Mohali and now they are constructing an another project named Acme Eden Court in Sector 91, Mohali. The value of the project is 126.50 Crs and a total of Rs. 116.50 Crs have been received till now in the form of booking amount for 186 units. It is a 6 tower project with 375 units, of which around 60% of construction has been completed.

Key Financial Indicators

Key Parameters	Units	2017	2018
Result Type		Audited	Audited
Operating Revenue	₹ Cr	76.36	32.50
EBITDA	₹ Cr	0.20	0.36
PAT	₹ Cr	0.27	0.38
Tangible Net worth	₹ Cr	13.33	15.70
Total Debt/Tangible Net worth	Times	3.08	2.79
Current Ratio	Times	2.57	2.89

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2019)			Rating History		
		Type	Amount (₹ Crs)	Rating	2018	2017	2016r
	Fund Based	Long Term	50.00	BWR D [Pronounced as BWR Single D]	NA	NA	NA
	Total		50.00	₹ Fifty Crores Only			

Status of non-cooperation with previous CRA - Reason and comments : Not Applicable

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Service Sector](#)
- [Short Term Debt](#)
- [Default Recognition & Curing Period](#)



For any other criteria obtain hyperlinks from website

Analytical Contacts	Investor Contacts
<p><u><i>RK Sharma</i></u> <u><i>Senior Director - Ratings</i></u> <u><i>B :+91 11 2341 2232</i></u> <i>rksharma@brickworkratings.com</i></p> <p><u>Ankit Dixit</u> <u>Ratings Analyst</u> <u>B :91 11 23 413896</u> <u>Ext :111</u> <u>ankit.d@brickworkratings.com</u></p>	<p>Satish Nair Director - Global Market Development & Investor Relations M : +91 7738875550 B : +91 22 6745 6666 <u>satish.n@brickworkratings.com</u></p>
<p>Phone: 1-860-425-2742</p>	

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.



DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.