

Ananya Shelters Private Limited

March 29, 2022

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	77.00	CARE BB+; Stable; ISSUER NOT COOPERATING* (Double B Plus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	13.00	CARE A4+; ISSUER NOT COOPERATING* (A Four Plus ISSUER NOT COOPERATING*)	Rating moved to ISSUER NOT COOPERATING category
Total Bank Facilities	90.00 (Rs. Ninety Crore Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Ananya Shelters Private Limited (ASPL) to monitor the rating vide e-mail communications dated February 02, 2022, February 10, 2022, February 21, 2022 & March 18, 2022 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the rating. In the absence of minimum information required for the purpose of rating, CARE is unable to express opinion on the rating. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of best available information which however, in CARE's opinion is not sufficient to arrive at fair rating. The rating on ASPL facilities will now be denoted as 'CARE BB+; Stable / CARE A4+ ISSUER NOT COOPERATING*'

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The rating takes into account the non-availability of requisite information due to non-cooperation by ASPL with CARE's efforts to undertake a review of the outstanding ratings as CARE views information availability risk as key factor in its assessment of credit risk profile. The ratings assigned to the bank facilities of Ananya Shelters Private Limited (ASPL) are constrained by relatively moderate scale of operations which is primarily confined to Coimbatore region, relatively moderate profitability, project implementation risk associated with the ongoing/new projects with dependence on customer advances for construction, slow progress in realizing customer advances vis-à-vis sales booking, inherent cyclicity and intense competition in the real estate industry.

The ratings, however, derive strength from the long-standing experience of the promoters in the real estate industry, presence in niche segment with established brand name, satisfactory booking status & construction progress in on-going projects and land bank availability providing scope for future developments.

Detailed description of the key rating drivers

At the time of last rating on July 02, 2021 the following were the rating strengths and weaknesses (updated with FY21 financials obtained from Registrar of Companies)

Detailed description of the key rating drivers

Key Rating Weaknesses

Relatively moderate profitability and scale of operations which is primarily confined to Coimbatore region

ASPL has over a decade of experience in executing residential real estate projects including retirement homes for senior citizens under the brand name 'Ananya's Nana Nani Homes' in Coimbatore region. However, the scale of operations as reflected in total income continues to be moderate with Rs. 111.98 crore during FY21 as against Rs. 145.20 crore in FY20. Further, all the on-going projects are situated in Coimbatore region which exposes the company to regional concentration risk. Profitability indicators of the company are moderate however improved with PBILDT margin of 14.17% and PAT margin of 2.15% during FY21 as against PBILDT margin of 10.88% and PAT margin of 2.71% in FY20.

Project implementation risk in on-going/new projects with dependence on customer advances for construction

ASPL is currently executing four projects which are extensions of the company's retirement homes project under brand name 'Ananya's Nana Nani Homes'. Total saleable area in these projects is 11.59 lsf (lakh square feet) and total project cost is Rs. 556 crore including land cost. Total construction cost of these projects is Rs. 491 crore, out of which the company has incurred around Rs. 274 crore (56% of construction cost) as on December 2020. It is to be noted that ASPL has completed construction activities for Phase III- Annex-I, Phase III- Annex-II and achieved 75% construction progress in Phase V of Ananya's Nana Nani Homes project. However, construction progress in recently launched project, Phase VI of Nana Nani Homes (launched in October 2019) stood at 9% as on December 2020 and is in nascent stages of construction. The remaining construction cost to

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

be incurred in the on-going projects is Rs.217 crore which is expected to be met through the customer advances receivables from already sold units which stood at Rs. 233 crore (including other on-going projects) as on December 2020 and through fresh sales. Given the dependence on customer advances, any moderation in sales booking and collections in the on-going projects is likely to impact the construction progress. Also considering the gestation period of 1.5 years to 2 years for most of the projects any volatility in price of the raw materials like steel & cement is likely to impact the cost of the project and its bookings. Nevertheless, the project implementation risk is outweighed by the long experience of the promoters in the construction business and real estate market of Coimbatore.

Slow progress in realizing customer advances in sold units

As on December 2020, ASPL has collected Rs. 203 crore as customer advances from sold units and remaining customer advances to be received stood at Rs. 233 crore. Collection efficiency, after witnessing moderation in Q1FY21 on account of COVID-19 induced nation-wide lockdown and economic slowdown, is improving gradually after the relaxation in lockdown norms. However, collection efficiency continues to be moderate with average monthly collections of around Rs. 7 crore in Q4FY21. Going forward, ability of the company to complete registration of booked units in completed projects and to improve monthly collections on sustained basis are key monitorable.

Inherent cyclicity and competitive nature of the real estate industry

Residential and commercial real estate demand is directly linked to the prevailing macroeconomic situation and hence it is cyclical in nature. The ongoing covid-19 pandemic has a significant impact on the economic growth and the residential real estate market. However, there is a gradual revival in demand following the relaxation in lockdown norms. Further the real estate market in Coimbatore is highly fragmented due to which the company faces intense competition from many mid and large sized developers. However, the long track record of operations, significant experience of the promoter in the real estate industry and presence in a niche segment partly mitigates the risk associated with inherent cyclicity and competition.

Key Rating Strengths

Experienced promoter with long track record of operations in Coimbatore market

ASPL has successfully completed over 6 projects in and around Coimbatore covering 1.5 million square feet of developed area in its 12 years of operations. Mr. A. Yuvaraj, an engineering graduate and second generation entrepreneur, is the Chairman and Managing Director of ASPL and has over two decades of experience in the real estate sector. The day to day activities of the company are managed by Mr. P. Karthik Kumar who is the executive director of the company. Further, the company has in-house team of engineers, project management professionals and supervisors who support the company in its project execution. Apart from this, the operations of its retirement homes project under Nana Nani Homes are managed by 'Nana Nani Trust' which is functioning on no profit no loss basis.

Satisfactory construction progress and booking status for the on-going projects

Currently, ASPL is executing four projects which are all extension of its retirement homes project, Ananya's Nana Nani Homes and located mainly on the peripherals of Coimbatore, where the demand for senior citizen retirement homes are good due to its location. As on December 2020, sales progress in the on-going projects was satisfactory at 65% as against construction progress of 56% in these projects. Also, Phase VI of Nana Nani Homes which was launched in October 2019, has achieved healthy booking status of 30% against construction progress of 9% in the project.

Revenue visibility from on-going projects and land bank reserve

ASPL has already received required approvals for the on-going projects. Also the on-going projects are compliant to Real Estate Regulatory Authority (RERA) guidelines. The units available for sale in the on-going projects are expected to be sold in next 18 to 24 months which provide revenue visibility for the company in medium term. Furthermore, the company has sizeable land bank of around 40 acres worth Rs. 90 crore located mainly in Coimbatore region and provides scope for future development.

Liquidity: Adequate

The company has sufficient collections from on-going projects of around Rs. 41 crore against relatively lower repayment obligation of Rs. 2.34 crore (after availing moratorium due to COVID-19) during 9mFY21. Further, the term loans have moratorium of two years and repayments for the same start from Q4FY22. The company has cash and bank balances of Rs.3.62 crore as on March 31, 2021.

Analytical approach: Standalone.

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Rating methodology for Real estate sector](#)

About the Company

Coimbatore based, Ananya Shelters Private Limited was established in 2009. Ananya focuses on development and operations of independent gated communities / villas for senior citizens, aged above 50 years, under the brand name, 'Ananya's Nana Nani Homes'. The company has developed over 1.5 million square feet of area in its 12 years of operations. Apart from residential projects, the company has developed a 52 room hotel 'Ananya's Nest' and is in the process of constructing a new 3-star hotel at a total cost of Rs. Rs.40 crore to be funded from internal accruals and promoter contribution. The proposed hotel will have 90 rooms and a 200 seater banquet hall. As on December 2020, Mr. A. Yuvaraj, Chairman & Managing Director and his wife Mrs. Umamaheswari, hold 65% and 35% shareholding respectively in the company.

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	11MFY22
Total operating income	145.20	111.98	NA
PBILDT	15.79	15.87	NA
PAT	3.93	2.41	NA
Overall gearing (times)	2.91	3.00	NA
Interest coverage (times)	1.77	1.46	NA

*A-Audited ; NA – Not Available

Status of non-cooperation with previous CRA: Nil

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this firm: Annexure 4

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	IS IN	Date of Issuance	Coup on Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	January 2025	77.00	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based - ST-Bank Overdraft		-	-	-	13.00	CARE A4+; ISSUER NOT COOPERATING*

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Fund-based - LT-Term Loan	LT	77.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	1)CARE BB+; Stable (02-Jul-21)	-	-	-
2	Fund-based - ST-Bank Overdraft	ST	13.00	CARE A4+; ISSUER NOT COOPERATING*	1)CARE A4+ (02-Jul-21)	-	-	-

* Long Term / Short Term

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities : NA

Annexure 4: Complexity level of various instruments rated for this company

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - ST-Bank Overdraft	Simple

Annexure 5: Bank Lender Details for this Company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About CARE Ratings Limited:

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