



Press Release

Enn Enn Corp Limited

March 22, 2022

Ratings

Facilities	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator (Simple / High / Complex)
Long term Bank Facilities – Term Loans	108.75 (Reduced from Rs. 253.45 crore)	IVR BBB/Stable (IVR Triple B with Stable Outlook)	IVR BBB/Stable (IVR Triple B with Stable Outlook)	Reaffirmed	Simple
Long term Bank Facilities – Term Loans	335.41	IVR BBB/Stable (IVR Triple B with Stable Outlook)	-	Assigned	Simple
Short term Bank Facilities - Overdraft	4.25 (Reduced from Rs. 6 Crore)	IVR BBB/Stable (IVR Triple B with Stable Outlook)	IVR BBB/Stable (IVR Triple B with Stable Outlook)	Reaffirmed	Simple
Short term Bank Facilities - Overdraft	11.50	IVR BBB/Stable (IVR Triple B with Stable Outlook)	-	Assigned	Simple
Total	459.91				

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings reaffirmation to the bank facilities of Enn Enn Corp Limited take into account its Established presence and reputed clientele, Diversity of cash flows and Improved Total operating income and profitability during FY21. These are partially offset by its Moderate Capital Structure and Customer concentration risk.

Key Rating Sensitivities:

Upward Factors

- Sustained lease rental incomes from existing and new tenants
- Maintaining profitability and timely servicing of debt

Downward Factors

- Weakening of liquidity due to decrease in rental income



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List of Key Rating Drivers with Detailed Description:

Established presence and reputed clientele

Enn Enn Corp Ltd is a very well-known company in the state of Gujarat, originating in 1990 guided by Mr. Naresh Nemchand Shah. They have an esteemed list of clients including ISON BPO India Pvt Ltd, Standard Chartered Bank, Vodafone Idea Ltd, Toshiba Software India Pvt Ltd, Bajaj FinServ Direct Ltd etc., who are their top clients in the leasing business. In the renewable power generation industry, clients include Maharashtra State Electricity Distribution Company (MSEDCL), Gujarat Urja Vikas Nigam and other prominent DISCOMs.

Diversity of cash flows

As a developer, Enn Enn Corp does not have a presence in any market other than in Gujarat, which hampers their cash flow generating capability from that particular segment. But they have diversified into other segments – Renewable Power generation, Lease rental; the earnings from renewable power generation accounts to over 15 Cr. (approximately 15% of the total revenues) and is expected to grow given the renewal of contracts with DISCOMs. The lease rental income accounts to 61% of the total revenue.

Improved Total operating income and profitability during FY21

The company witnessed an improvement in revenue by 10% and stood at Rs. 124.19 Cr. in FY21 as against Rs. 113.32 Crore in previous year. The EBITDA in absolute terms has declined from Rs. 91.75 Cr. in FY20 to Rs. 81.63 Cr. in FY21. However, PAT has improved from Rs. 12.22 Cr. in FY20 to Rs. 16.39 Cr. in FY21.

Further during 9MFY22 the total operating income stood ~Rs. 97 crores mainly from stable lease rental income and windmill revenues.



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B. Key Rating Weaknesses

Moderate Capital Structure

During FY21 the overall gearing ratio stood at 2.47x and TOL/TNW stood at 2.81x as compared to 2.56x and 2.98x respectively in FY2020. The DSCR stood below unity on account of higher long term loan repayments during the year which were met by way of unsecured loans from promoter/ directors.

Customer concentration risk

The major concern for Enn Enn Corp in real estate is that its customers and base of operations are only confined to a single state, eventually there will come a time when they have to expand their horizons to increase their profitability. They face the same issue in terms of providing power services to DISCOMS, as the latter are saddled with large amounts of debts due to selling power at low costs, poor billing and collections hence impeding their ability to make timely payment to the power generators.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Infrastructure Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Rating Criteria on Outlook](#)

Liquidity –Adequate

The liquidity is adequate, as reflected from its current ratio of 1.51x and quick ratio of 1.43x; the company has gross cash accruals amounting to Rs. 18.81 Cr. and cash and bank balances amounting to Rs. 11.10 Cr. at the end of FY21 as opposed to cash outflows in the form of short-term debt obligations amounting to Rs. 47.16 Cr. which includes the immediate interest payments and the current portion of long-term debt. The company has been relying on unsecured loans from directors to help pay off their short-term obligations.



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About the Company:

Enn Enn Corp Ltd. (formerly Abhishek Group of Companies) is a conglomerate that was incorporated in the year 1990 by Mr. Naresh Nemchand Shah. The company started with the acquisition of land and subsequently moved into real estate development, exports, carbon free power generation, asset leasing and lending. The company's key business segments comprise of the following: Sale of Residential Real Estate, Commercial Lease Rentals and Sale of Energy by Power Generation through Windmills.

Financials (Standalone):

(In Crore)

For the year ended/ As on*	31-03-2020 (Audited)	31-03-2021 (Audited)
Total Income	113.32	124.19
PAT	12.22	16.39
Total Debt	634.79	652.96
Tangible Net Worth	248.23	264.62
PAT margin (%)	10.78	13.20
Overall Gearing Ratio (x)	2.56	2.47

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA:

Name of CRA: India Ratings and Research

Last PR date: 10th July, 2020

Reason for INC: Issuer did not co-operate

Any other information: None



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Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Term Loans	Fund-based	444.16	IVR BBB/ Stable	IVR BBB/ Stable (December 21, 2020)	-	-
2.	Overdraft	Fund-based	15.75	IVR A3+	IVR A3+ (December 21, 2020)	-	-

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine-tune its product offerings to best suit the market.



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Annexure 1: Details of Facilities:

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	Aug-2034	123.36	IVR BBB/Stable
Term Loan	-	-	Feb-2036	42.45	IVR BBB/Stable
Term Loan	-	-	Mar-2032		IVR BBB/Stable
Term Loan	-	-	Dec-2036	169.60	IVR BBB/Stable
Term Loan	-	-	June-2025	2.87	IVR BBB/Stable
Term Loan	-	-	Sept-2024	5.73	IVR BBB/Stable
Term Loan	-	-	Jan-2028	4.40	IVR BBB/Stable
Term Loan	-	-	Nov-2024	21.51	IVR BBB/Stable
Term Loan	-	-	June-2031	23.83	IVR BBB/Stable
Term Loan	-	-	Dec-2025	10.43	IVR BBB/Stable
Term Loan	-	-	Dec-2025	11.22	IVR BBB/Stable
Term Loan	-	-	July-2033	28.76	IVR BBB/Stable
Overdraft	-	-	Revolving	11.50	IVR A3+
Overdraft	-	-	Revolving	4.25	IVR A3+

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Enn-Enn-Corp-lenders-mar22.pdf>

Annexure 4: Detailed explanation of covenants of the rated facilities: Not Applicable



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Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

