

## Press Release

### SAVITRI ASHIRVAAD BUILDTECH LIMITED



9 February, 2018

#### Rating Assigned

<b>Total Bank Facilities Rated*</b>	Rs. 15.00 Cr.
<b>Long Term Rating</b>	SMERA B+ / Outlook: Stable

\* Refer Annexure for details

#### Rating Rationale

SMERA has assigned long-term rating of '**SMERA B+** (read as SMERA B plus)' on the Rs. 15.00 crore bank facilities of Savitri Ashirvaad Buildtech Limited (SABL). The outlook is '**Stable**'.

SABL, a Hyderabad-based company was incorporated in 2014 by Mr. Savitri Srikanth Nag, Mr. Savitri Sri Harsha and Mr. J. Tirupathi (Directors). The company is engaged in the construction of residential, commercial complexes. Currently, construction of a residential project, Balaji Ashirvad Elite constituting 160 flats is underway at Bannerghatta Road, Bangalore to be completed by 31 March, 2019. Around 65 percent of the construction was completed in December 2017.

#### Key Rating Drivers

##### Strengths

###### • Experienced promoters

SABL was established in 2014. The company was promoted by Mr. J. Tirupathi (Managing Director) who has around 25 years of experience in the construction business. Under the partnership firm, Balaji Constructions (a sister concern), Mr. J. Tirupathi completed 19 projects over the last 12 years.

###### • Strategic location

The residential project is being constructed at Bannerghatta Road, Bangalore, in close proximity to amenities such as hospitals, malls and others located within a radius of around two kms.

###### • Moderate dependence on customer advances for construction

The project cost of Rs.39.99 crore is to be funded by a term loan of Rs.15.00 crore, customer advances of Rs.10.00 crore and the rest through own funds. Thus, customer advances account for around 25 percent of the total project cost.

##### Weaknesses

###### • Significant project risk

As on December 31, 2017, SABL completed 65 percent of the total project funded through own and borrowed funds. While the company is not majorly dependent on customer advances for the project, delays in project execution will be detrimental to the debt repayment capacity of SABL.

###### • Intense competition in the real estate sector in Bengaluru

The company is exposed to intense competition in the real estate sector marked by the presence of several mid to big sized players.

## Analytical Approach

For arriving at the ratings, SMERA has considered the standalone business and financial risk profiles of SABL to arrive at the rating.

## Outlook: Stable

SMERA believes that SABL will maintain a stable outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' if the company is able to lease/sell its units within the stipulated time frame. Conversely, the outlook may be revised to 'Negative' in case of project delays and deterioration in the financial risk profile due to cost over-runs.

## About the Project

SABL has undertaken construction of a residential project, Balaji Ashirvad Elite constituting 160 flats at Bannerghatta Road, Bangalore expected to be completed by 31 March, 2019 (65 percent construction was completed in December 2017). The project cost of Rs.39.99 crore is proposed to be funded by term loan of Rs.15.00 crore, customer advances of Rs.10.00 crore and the balance through own funds.

## About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	-	-	-
EBITDA	Rs. Cr.	0.54	(0.00)	-
PAT	Rs. Cr.	0.00	(0.00)	-
EBITDA Margin	(%)	-	-	-
PAT Margin	(%)	-	-	-
ROCE	(%)	-	-	-
Total Debt/Tangible Net Worth	Times	1.92	0.02	-
PBDIT/Interest	Times	1.00	-	-
Total Debt/PBDIT	Times	18.03	-	-
Gross Current Assets (Days)	Days	-	-	-

## Status of non-cooperation with previous CRA (if applicable)

None

## Any other information

Not Any

## Applicable Criteria

- Default Recognition - <https://www.smerra.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smerra.in/criteria-fin-ratios.htm>

## Note on complexity levels of the rated instrument

<https://www.smerra.in/criteria-complexity-levels.htm>

## Rating History (Upto last three years)

Not Applicable

### \*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	15.00	SMERAB+ / Stable

### Contacts

Analytical	Rating Desk
Vinayak Nayak Head – Ratings Operations Tel: 022-67141190 <a href="mailto:vinayak.nayak@smera.in">vinayak.nayak@smera.in</a>	Varsha Bist Manager - Rating Desk Tel: 022-67141160 <a href="mailto:varsha.bist@smera.in">varsha.bist@smera.in</a>
Rupesh Patel Analyst - Rating Operations Tel: 022-67141320 <a href="mailto:rupesh.patel@smera.in">rupesh.patel@smera.in</a>	.

### ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, D&B and leading public and private sector banks in India. SMERA is registered with SEBI, accredited by RBI as an External Credit Assessment Institution (ECAI), under BASEL-II norms for undertaking Bank Loan Ratings. SMERA Bond Ratings is a division of SMERA Ratings Limited responsible for ratings of bank facilities, and capital market/money market debt instruments such as Bonds, Debentures, Commercial Papers, Fixed Deposits, Certificate of Deposits etc.. For more details, please visit [www.smera.in](http://www.smera.in).

**Disclaimer:** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.