

## 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 Srikar 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<br>(Actual) | FY16<br>(Actual) | FY15<br>(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.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

### Note on complexity levels of the rated instrument

<https://www.smera.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   |
|--|---|
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