

Press Release

Amsha Ventures

June 01, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 50.00 Cr.
Long Term Rating	ACUITE B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE B**' (read as **ACUITE B**) on the Rs. 50.00 crore bank facilities of Amsha Ventures. The outlook is '**Stable**'.

Amsha Ventures (AV), is a Bangalore based firm established in 2004 by Mr. Vinod Kumar Reddy and Mrs. G Kokila. The firm is engaged in development of commercial and residential projects in Bangalore. AV is currently executing a residential project under the name 'Bhuvi' in Pannathur (Bangalore).

Key Rating Drivers

Strengths

- **Established track record and experienced promoters:**

The promoters, Mr. Satish Sutaria, Mr. Vinod Kumar Reddy and Mrs. G Kokila, collectively possess more than 14 years of experience in the real estate industry. They have successfully developed 4 projects (residential and commercial) in and around Bangalore.

- **Moderate funding risk:**

The estimated cost of the above project is Rs.150.69 crore to be funded through customer advances of Rs.27.69 crore, bank borrowings of Rs.50.00 crore and promoters' fund of Rs.73.00 crore. Further, as on 23 May, 2018, the company incurred cost of Rs.75.26 crore, of which Rs.10.25 crore was funded through bank borrowings and the rest through promoters' fund.

Weaknesses

- **Nascent stage of project**

Work on the project commenced from September 2017 and is expected to be completed by December 2020. The firm has incurred ~35 percent of the total construction cost as on 23 May, 2018 which stood at Rs.28.00 crore. Further, the RERA Registration for the project is under process and the project will be launched in July 2018.

- **Inherent cyclicity in construction sector:**

The real estate industry is highly fragmented with most of the real estate developers, having a city specific or region specific presence. The risks associated with real estate industry are cyclical nature of business (drop in property prices), interest rate risk that can affect operations.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of Amsha Ventures to arrive at the rating.

Outlook: Stable

Acuite believes that AV will maintain a 'Stable' outlook over the medium term owing to its experienced management and established presence in the real estate industry. The outlook may be revised to 'Positive' if the firm generates steady cash flows from customer advances. Conversely, the outlook may be revised to 'Negative' in case of stretch in the liquidity position on account of delays in project execution or collection of booking money.

About the Project

The company is executing a residential project 'Bhuvi' at Pannathur, Bangalore under joint venture with total saleable area of 3.35 lakhs square feet to construct 232 units out of which 213 units are saleable and 19 units will be given to the land owner. The total project cost is Rs. 150.69 crore and the total sale proceeds expected is Rs. 182.00 crore.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	0.00	0.00	0.00
EBITDA	Rs. Cr.	-0.16	-0.33	-0.15
PAT	Rs. Cr.	-0.23	-0.43	0.16
EBITDA Margin	(%)	0.00	0.00	0.00
PAT Margin	(%)	0.00	0.00	0.00
ROCE	(%)	-2.83	-9.05	8.79
Total Debt/Tangible Net Worth	Times	0.00	0.00	0.06
PBDIT/Interest	Times	-571.24	-612.67	708.55
Total Debt/PBDIT	Times	0.00	0.00	0.70
Gross Current Assets (Days)	Days	0	0	0

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

None

Any other information

Not Applicable

Applicable Criteria

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

Note on complexity levels of the rated instrument

<https://www.acuite.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. Cr.)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	50.00	ACUITE B / Stable

Contacts

Analytical	Rating Desk
Suman Chowdhury President - Rating Operations Tel: 022-67141107 suman.chowdhury@acuite.in Aishwarya Phalke Analyst - Rating Operations	Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in

Tel: 022-67141156	
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aishwarya.phalke@acuite ratings.in	
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About Acuite Ratings & Research:

Acuite Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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