



**Press Release**  
**VASAVI AVENUES LLP**  
**March 25, 2025**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	650.00	ACUITE BBB-   Stable   Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	650.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed its long-term rating of 'ACUITE BBB-' (read as ACUITE triple B minus) on the Rs. 650.00 Cr. bank loan facilities of Vasavi Avenues LLP (VAL). The outlook is 'Stable'.

**Rationale for rating reaffirmation**

The rating reaffirmation factors in the long-standing experience and established track record of the Vasavi group of more than three decades in real estate business. Further, rating also draws comfort from the location advantage of the firm's current project located at LB nagar, Hyderabad with healthy sales and collections from customers. Furthermore, the project funding risk remains low as the financial tie up from bank is complete as well as adequate customer advances augmented for timely completion of the project. However, the rating is constrained by risks associated towards project completion as the construction is at a moderate stage and the firm's operations are also susceptible towards inherent cyclicalities in the real estate industry.

**About the Company**

Vasavi Avenues LLP, a Hyderabad, Telangana based firm was established in the year 2023 as a Special Purpose Vehicle (SPV) by Vasavi group for the Project 'Ananda Nilayam'. The firm is engaged in real estate business for residential projects and commercial apartments. The firm is currently managed by Mrs. Vanitha Yerram and Mr. Vijay Kumar Yerram.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profile of Vasavi Avenues LLP (VAL)

**Key Rating Drivers**

**Strengths**

**Experienced promotor group with demonstrated track record and favourable location of the ongoing project**

Vasavi group is a Hyderabad based commercial and real estate developer promoted by Mr. Vijay Kumar Yerram. The group has more than three decades of experience in real estate development. The Vasavi group is a well-established player in Telangana, Hyderabad, they have completed more than 6 million Sq.fts of residential and

commercial projects. Alongside, the brand equity of 'Vasavi' enjoys a reputation in the Hyderabad and Telangana region. Vasavi Avenues LLP (VAL) is a special purpose vehicle (SPV) formed by Vasavi group to develop a residential project named as 'Ananda Nilayam' at LB Nagar, Hyderabad, Telangana. The project comprises of 11 residential towers, 2 club houses and various other amenities. The project is located at LB Nagar, a densely populated residential area in eastern Hyderabad. Project will be constructed in total area of 29.6 acres and firm has already purchased land of 26.3 acres and for balance 3.3 acres firm has entered JDA with landlord. The location of the projects is very well developed both residentially and commercially with a lot of scope for further development. Commercial complexes, including supermarkets, schools, restaurants, hospitals, fitness centres and banks, are abundant in the closest vicinity of the proposed location. Acuité believes that the promoters have

demonstrated good execution capabilities with a reputation for quality and timely completion. Promoters' industry experience would support in a successful completion of the on-going projects.

### **Moderate funding and offtake risk with adequacy of cash flows**

The ongoing project 'Ananda Nilayam' has the total saleable area of 82,24,380 Sq fts, out of which VAL's share is 79,49,070 Sq fts with the total project cost of Rs.2,655.96 Cr. The total project cost is funded through promotor's contribution of Rs.400 Cr. (in the form of equity and unsecured loans), bank loan of Rs.650 Cr. and balance through collections from customer advances. The funding risk in the project remains low as the firm has already completed debt tie up with lenders for amount of Rs.650.00 Cr, of which Rs. 344.00 Cr. disbursed as on date. The promoters are high net worth individuals and promoter companies being debt-averse further mitigate the funding risk. The firm has incurred about 38 percent of project cost until December'2024 against which it has already received the bookings of ~36 percent of total units (1282 units booked out of total units of 3576). Further, firm has received customer advances of around 70 percent of the sales consideration as on December 31 ,2024 which are 38.41 per cent as required to complete the construction of the project.

The project cash flows are expected to remain adequate over the medium to long term vis-à-vis the debt obligations with average project DSCR of 2.12 times which is expected to remain above unity during the tenure of the project. Acuité believes that timely infusion of funds from promoters and timely booking of unsold units will remain a key rating monitorable.

### **Weaknesses**

#### **Project Execution Risk**

The construction of the project started in December 2022 and it was launched in January 2023. The project is expected to complete by December 2028. While there are inherent project risks as being in moderate stage of construction as ~ 38 per cent of the cost incurred as of December'2024, the risk is mitigated to some extent as the group has established track record of completion of projects in a timely manner. However, any delay in completion of the project may lead to cost and time overruns which will remain a key rating sensitivity.

#### **Geographical concentration risk and intense competition in the industry**

The group through its promoter companies has mostly executed its past projects Hyderabad and Bangalore only. Moreover, the group is executing all the current ongoing projects in Hyderabad. The group would remain geographically concentrated until any further diversify to a different state. Furthermore, the group would continue to remain exposed to intense competition from larger players in Telangana like Jayabheri group, Aparna Constructions and estates Pvt Ltd, Prestige Group, My Home group, Kalpataru Group, Mantra Group, Lodha group amongst others.

#### **Susceptibility to real estate cyclical and regulatory risks**

The real estate industry in India 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 in nature and directly linked to drop in property prices and interest rate risks, which could affect the operations. Given the high level of financial leverage, the high cost of borrowing prevents the real estate's developers' from significantly reducing prices to boost sales growth. Moreover, the industry is also exposed to certain regulatory risks linked to stamp duty and registration tax directly impacting the demand and thus the operating growth of real estate players.

### **Rating Sensitivities**

- Timely completion of the ongoing project without any cost or time overrun
- Timely sale of unsold inventory and realisation of its customer advances from bookings
- Any sharp decline in cash flow due to slower customer advances or delays in project execution

### **Liquidity Position**

#### **Adequate**

Firm is in moderate stage of construction, liquidity is aided by infusion from promoters, disbursement of bank loan and collection from customers. Moreover, liquidity can be further strengthened by collections from customers which stood at ~Rs.753.67 Cr. till December 24. The liquidity is also supported by the financial flexibility the firm receives from the promoters. The firm is expected to have adequate liquidity over the medium term with an expected DSCR of 2.12 times over the tenure of the project.

### **Outlook: Stable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	193.28	0.00
PAT	Rs. Cr.	13.90	0.01
PAT Margin	(%)	7.19	0.00
Total Debt/Tangible Net Worth	Times	7.90	1.45
PBDIT/Interest	Times	2.59	1.91

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

Not applicable

**Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)**

**Not applicable**

**Any other information**

None

## Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Real Estate Entities: <https://www.acuite.in/view-rating-criteria-63.htm>

## Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

### Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
26 Dec 2023	Term Loan	Long Term	650.00	ACUITE BBB-   Stable (Assigned)

**Annexure - Details of instruments rated**

<b>Lender's Name</b>	<b>ISIN</b>	<b>Facilities</b>	<b>Date Of Issuance</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Quantum (Rs. Cr.)</b>	<b>Complexity Level</b>	<b>Rating</b>
State Bank of India	Not avl. / Not appl.	Term Loan	31 Aug 2023	Not avl. / Not appl.	01 Dec 2028	650.00	Simple	ACUITE BBB-   Stable   Reaffirmed

## Contacts

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### About Acuité Ratings & Research

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