



RATING RATIONALE

19 May 2021

August Ventures Pvt. Ltd.

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of Rs. 12.94 Crs. of August Ventures Pvt Ltd.

Particulars:

Facility**	Amount (Rs. Crs.)		Tenure	Rating*	
	Previous	Present		Previous (Nov 2019)	Present
Fund based	13.80	12.94	Long Term	BWR BB (Stable)	BWR BB (Stable) Reaffirmed
Total	13.80	12.94	Rupees Twelve Crores and Ninety Four Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

** Details of Bank facilities is provided in Annexure-I

RATING ACTION / OUTLOOK

The rating draws strength from vintage of the company, an experienced management team and moderate net worth, low gearing ratio in FY20. However, the rating strengths are offset by their modest scale of operations, net loss is FY20, and the highly competitive and fragmented nature of industry.

BWR believes in the business risk profile of **August Ventures Pvt. Ltd.** (AVPL or the company) will be maintained over the medium term. The Stable outlook indicates a low likelihood of a rating change over the medium term.

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: NA

KEY RATING DRIVERS

BWR has essentially relied on the audited financials upto FY20, projected financials FY2 & FY23 and information/clarification given by the company's management.

- **Credit Strengths:**

August Ventures Pvt Ltd was incorporated in the year 2002 as a private limited company and has a vintage of 18 years. Management team has sufficient experience in the industry. Net worth of the Company stood at Rs. 33.5 Crs and gearing ratio stood at 1.11x as on 31st Mar 2020.

- **Credit Risks:**

Despite having a vintage of 18 years, the company has modest scale of operations The company has incurred net loss of Rs. 2.68 Crs. in FY20. The company also faces risks inherent in the real estate sector as the industry is cyclical because of sharp movements in prices and a highly fragmented market structure.



ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

For arriving at AVPL's rating, BWR has considered its standalone financial and business risk profile.

RATING SENSITIVITIES

Going forward, the ability of the Company to improve its scale of operations by improving the revenue growth, manage working capital efficiency and prompt servicing of debt obligation shall remain key rating sensitivity.

Positive: The rating outlook may be revised to positive and the rating may be upgraded if the company is able to improve Total Operating Income and Net Profit Margins.

Negative: The rating may be downgraded if the company achieves lower revenue than projected financials.

LIQUIDITY INDICATORS

Net cash accruals to total debt was negative as on 31 March 2020. Cash and cash equivalents stood at Rs. 1.77 Crs. as on 31st March 2020.

COMPANY PROFILE

August Ventures Private Limited was incorporated in the year 2002 and is promoted and managed by its Chairman cum Managing Director Mr. Biju P. John. The head office of the company is located on Campbell Road, opposite St. Philomena's Hospital, Bangalore. The company is into building premium quality residential living and commercial spaces (real estate) business in Bangalore. The company has completed 3 residential projects and 1 commercial space project in Bangalore. The residential projects are August Park, August Mansion and August Grand and the commercial projects completed include August Centre which is located in Yelahanka, bye-pass international airport road.

KEY FINANCIAL INDICATORS

Key Parameters	Units	FY19	FY20
Result Type		Audited	Audited
Operating Revenue	In Rs. Crs.	15.29	11.86
EBITDA	In Rs. Crs.	2.73	-0.64
PAT	In Rs. Crs.	0.71	-2.68
Net Worth	In Rs. Crs.	36.19	33.50
Total Debt/Net Worth	Times	1.15	1.11
Current Ratio	Times	8.59	7.98

NON-COOPERATION WITH PREVIOUS RATING AGENCY: NA

RATING HISTORY FOR THE PREVIOUS THREE YEARS (including withdrawal and suspended)

Facilities		Current Rating		Rating History		
Type	Tenure	Amount (Rs. Crs)	Rating	2020	21.11.2019	10.11.2018
Fund Based	Long Term	12.94	BWR BB (Stable)	-	BWR BB (Stable)	BWR BB (Stable)
Total		12.94	Rupees Twelve Crores & Ninety Four Lakhs Only			

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

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ANNEXURE I

Details of Bank Facilities rated by BWR

Sl. No.	Type of Facilities	Long Term (Rs. Crs.)	Short Term (Rs. Crs.)	Total (Rs. Crs.)
1.	Property Power Loan	0.80	-	0.80
2.	Rent Securitization Loan	8.23	-	8.23
3.	Dropline OD	3.30	-	3.30
4.	GECL	0.61	-	0.61
Rupees Twelve Crores and Ninety Four Lakhs Only				12.94



For print and digital media

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