



## Rating Rationale

August Ventures Pvt. Ltd.

10 Nov 2018

**Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹ 30.24 Crores of August Ventures Pvt. Ltd. ('AVPL' or 'The Company').**

### Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Feb, 2017)	Present
Fund based	17.00	30.24	Long Term	<b>BWR BB</b> (Pronounced as BWR Double B) ( Outlook : Stable)	<b>BWR BB</b> (Pronounced as BWR Double B) (Outlook : Stable) (Reaffirmed)
<b>Total</b>	<b>17.00</b>	<b>30.24</b>	<b>INR Thirty Crores and Twenty Four Lakhs Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings  
Complete details of Bank facilities is provided in Annexure-I

### Ratings: Reaffirmed

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon audited financial results up to FY18, Projected financials of FY19 and publicly available information and information/clarifications provided by the management.

The rating reaffirmation continues to factor the promoters experience in the real estate sector, qualified management, locational strength of the projects under development and adequate equity position, adequate liquidity and low gearing level the company. The Rating is however constrained by modest scale of operations, decrease in revenue, weak debt protection metrics, timely project executing risk resulting from delays in government approvals and also subdued demand and intense competition in the real estate sector.

Going forward, timely execution of projects in hand without any time or cost overrun, ability to increase volume of business operations and ability to achieve the projected cash flows thereby maintain the margins and timely meeting of debt obligations will remain the key rating sensitivities.



### Description of Key Rating Drivers

- **Credit Strengths:** Experience of the Managing Director is more than 2 decades, the location of the August Grand project is at a prospective location i.e. on Sarjapur road & Net worth is Rs.35.48 Cr with gearing of 1.02 times in FY18 & current ratio @ 2.90x in FY18.
- **Credit Risks:** Revenue is decreased to Rs. 7.59 Crs in FY18 against Rs. 11.27 Crs in FY17 due to adherence of The Karnataka Real Estate (Regulation and Development) Rules, 2017 however the revenue is increased to Rs. 9.35 as per H1 of FY19, low debt protection metrics timely project executing risk resulting from delays in government approvals and also subdued demand and intense competition in the real estate sector.

### Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

### Rating Outlook: *Stable*

BWR believes the **August Ventures Pvt. Ltd.** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

### About the Company

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 and 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 other director of the company is Ms. Mereena Biju John. Majority of shares of the company are held by Mr. Biju P John. Mr. Biju P John is a young Professional with MBA in Finance from Manchester Business School, United Kingdom. He has experience in handling three real estate projects in a conservative manner.

As on date the company has completed two residential complexes & one Commercial complex in Bangalore namely August Mansion located at Curley street, Richmond Town, August Park located at CV Raman Nagar & August Center located at Yelahanka Bypass, International Airport road.

Aspiring to carry forward the success of its previous projects, the company is currently constructing a high-end residential apartment project on a joint development model with a landowner at Sarjapur road about 800 meters from Wipro Headquarters. Once the ongoing project on Sarjapur road is completed, the company intends to take up residential apartment projects in Kothanur & Kyalasanahalli and IT Hardware Technology Park at Bangalore Hardware Park, Devanahalli.

### Company Financial Performance

As per audited financials of FY18, Company has reported total operating income of ₹ 7.59 Crs as compared to ₹ 11.27 Crs in FY17 . Operating profit margin of the Company is at -16.62% and net profit margin of -35.27% in FY18. The Company has net worth of ₹ 35.48 Crs in FY18. Debt Equity ratio of the Company stood at 1.02 times in FY18. The Company has reported debt protection metrics indicated by ISCR of -0.78x and DSCR of -0.11x in FY18. As per provisional H1 of FY19 the Company has reported revenue of Rs. 9.35 Crs & PAT of 1.43 Crs.

### Rating History for the last three years

Facility	Current Rating			Rating History			
	Type	Amount (₹ Crs)	Rating	3-2-2017	31-12-2016	2015	7-5-2014
<b>Fund Based</b>	Long Term	30.24	<b>BWR BB</b> (Pronounced as BWR Double B) <b>(Outlook : Stable)</b> <b>(Reaffirmed)</b>	<b>BWR BB</b> <b>(Outlook : Stable)</b>	<b>Rating Not Reviewed</b>	<b>Not Rated</b>	<b>BWR BB</b> <b>(Outlook : Stable)</b>
<b>Total</b>		<b>30.24</b>	<b>INR Thirty Crores and Twenty Four Lakhs Only</b>				

Status of non-cooperation with previous CRA - Nil

Any other information : Nil

### Annexure-I Details of Bank Facilities

			₹ Crores
Name of the Bank	Facilities	Tenure	Amount (₹ Crores)
SBI, SME Br Bangalore	Cash Credit	Long Term	20.00
Federal Bank Indira Nagar Branch	Property Power Loan	Short Term	0.90
Federal Bank Bangalore/ ST Marks. Road	Rent Securitization Loan		9.34
<b>Total : INR Thirty Crores and Twenty Four Lakhs Only</b>			<b>30.24</b>

### Key Financial Indicators

Key Parameters	Units	2018	2017	2016
Result Type		Audited	Audited	Audited
Operating Revenue	₹ Cr	7.59	11.27	10.53
EBITDA	₹ Cr	-1.26	4.80	2.25
PAT	₹ Cr	-2.68	1.53	0.70
Tangible Net worth	₹ Cr	35.48	38.16	36.63
Total Debt/Tangible Net worth	Times	1.02	0.76	0.69
Current Ratio	Times	2.90	3.62	2.86

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)

For any other criteria obtain hyperlinks from website

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#### Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).



### **About Brickwork Ratings**

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BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 13,22,500 Cr. In addition, BWR has rated over 7000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹62,000 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities

### **DISCLAIMER**

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