

Press Release

Brickwork Ratings assigns 'BWR BB' for the proposed Bank Credit Facilities aggregating ₹ 10.50 Cr of August Ventures Pvt. Ltd.

Bank Loan Rating: BWR BB

Outlook : Stable

Brickwork Ratings (BWR) has assigned the following Rating¹ for the proposed Bank Credit Facilities of ₹ 10.50 Cr.

Facility	Limits (₹ Cr)	Tenure	Rating
Working Capital Facility (Proposed)	10.50	Long Term (FB)	BWR BB (Pronounced as BWR Double B) (Outlook-Stable)
Total	10.50	INR Ten Crores Fifty Lakhs only	

The rating, inter alia, factors the prospective location of the project, qualified management and strong equity position of the company. The rating is, however, constrained by timely project execution risk resulting from delays in government approvals and also exposure to macro headwinds in the real estate sector such as subdued demand which might affect the sales of the project.

Background of the company:

August Ventures Private Limited was incorporated in the year 2002 and is into residential real estate business in Bangalore. The company is promoted and well managed by its Chairman cum Managing Director Mr. Biju P. John. The other director for the company is Smt. Chachamma John. Mr. John, the major shareholder of the company has more than a decade of experience in coffee plantation, real estate development, and also professional experience at Rallis India Ltd. He has experience in handling 2 real estate projects in a conservative manner. As on date, the company has completed two residential complexes in Bangalore namely August Mansion located at Curley Street, Richmond Town and August Park located at CV Raman Nagar. The company is currently launching a high-end residential apartment project on a joint development model with a land owner at Sarjapur Road about 800 meters from Wipro Headquarters. This project is designed to house 64 apartments and is proposed to be started in April 2013 and completed by August 2016.

¹ Please refer to www.brickworkratings.com for definition of the Rating

Financial Performance:

As per audited financials, total revenue from operations increased from ₹25.77 Crores in FY11 to ₹48.79 Crores in FY12. The company's profitability is high with operating profit margin of 50.12 per cent and net profit margin of 34.10 per cent for FY12. As of FY12, the company's tangible net-worth was ₹ 26.12 Crores and it did not have any external borrowings except unsecured loan from directors and hence the interest and finance charges of the company is nil for FY12. Debt equity ratio is low with 0.07 times in FY11 and FY12 indicating a strong equity position. Current ratio has increased from 1.28 times in FY 11 to 4.43 times in FY 12.

Rating Outlook:

August Ventures Pvt Ltd has a strong equity position and is backed by high net-worth conservative promoters. Timely execution of upcoming project, ability to increase the volume of business operations, prudent management of debt liability in the medium term and ability to achieve projected cash flow and maintain the margins remain key rating sensitivities for the company.

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Disclaimer: Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.