

Savan Infraavenue LLP

March 21, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	47.12	CARE B+; Stable; ISSUER NOT COOPERATING*	Revised from CARE BB-; Stable and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Savan Infraavenue LLP (SIL) to monitor the rating(s) vide e-mail communications/letters dated December 18, 2023; December 22, 2023; January 02, 2024; March 01, 2024 among others and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. Further, SIL has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on SIL's bank facilities will now be denoted as **CARE B+; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings have been revised on account of non-availability of requisite information to conduct the rating review. The ratings continue to remain constrained on account of saleability risk due to moderate booking status for its real estate project 'Superia'. The rating, further, the rating also remains constrained on account of limited liability partnership nature of its constitution, its presence in cyclical and highly fragmented real estate industry along with its dependence on external funding for project completion. The rating, however, continue to derive comfort from moderate project implementation risk, experience of partners in real estate industry.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers:

Key weaknesses

Moderate booking status with moderate risk of saleability:

Till November 30, 2022, the booking status remained moderate at 26% (44 units booked of total 169 units) and the firm has received booking advances of Rs.32.93 which forms 82% of sales value of booked units against 81% of cost incurred. However, the saleability risk related to the un-booked units is moderately high as 125 units are un-booked and majority are envisaged to be booked before completion of project. As per latest update on RERA website dated January 06, 2023, 66 units have been booked. Details of current bookings are not available.

Constitution as a LLP:

SIL being a limited liability partnership and is exposed to inherent risk of the partners' capital being withdrawn at the time of contingency and limits the ability to raise the capital. The partners may withdraw capital from the business as when it is required, which may put pressure on the capital structure of the entity.

Presence in a cyclical and highly fragmented real estate industry:

The life cycle of a real estate project is long and the state of the economy at every point in time, right from land acquisition to construction to actual delivery, has an impact on the project. This capital-intensive sector is extremely vulnerable to the economic cycles. Currently, slowdown in sales and increased input costs has increased liquidity concerns for highly leveraged players. Further, the real estate sector in India is highly fragmented with many regional players, who have significant presence in their respective local markets which in turn leads to intense competition within the industry. The real estate sector is sensitive to the

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

economic cycle and interest rates. Adverse movement in interest rate affects the real estate players in both ways – by hampering demand as well as increasing the cost of construction.

Dependence on external funding for project implementation and risk related to booking of remaining units:

SIL has envisaged the project cost of Rs.150 crore with project gearing of 1.63 times Total booking status as on November 30, 2022 stood at 26% and remaining 74% is yet to be completed which increases the risk of infusion of additional funds over and above their committed portion. Hence, the ability of the promoters to infuse the additional funds in order to complete the project in a timely manner will be crucial.

Key strength

Experienced Partners through their association with associate firms

SIL is managed by Mr. Mahavir Shah, Mrs. Prabha Shah and Mr. Mukul Mahavir Shah. The senior partners of SIL holds an experience of more than two decades into the business of real estate and jewellery and have successfully executed more than four real estate projects at different areas of Surat (Gujarat).

Low project implementation risk

SIL had started construction activities of project in July 2019 and is expecting to complete the project by June 2024. Till November 30, 2022, the entity had incurred cost of Rs.120.81 crore forming 81% of envisaged project cost and thereby 19% cost is to be incurred by June 2024, reflecting low project implementation risk.

Liquidity: Stretched

Liquidity of the firm is envisaged to remain stretched due to relatively moderate receipt of customer advances vis-à-vis the envisaged value for project completion. The firm has unsold inventory of 125 units (~74% of total units) as on November 30, 2022. SIL has received customer advances equivalent to 82% of total sales value of its booked units. Considering construction of the project is at advance stage of completion, balance collection is expected to be received by end of June 2024 Therefore, the timely receipt of the customer advances is crucial from credit perspective.

Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Rating methodology for Real estate sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Realty	Realty	Residential, Commercial Projects

Surat-based (Gujarat), Savan Infraavenue LLP (SIL) was formed as a limited liability partnership on September 2017. The operations are jointly managed by the partners Mr. Mahavir Nathulal Shah, Mrs. Prabha Shah and Mr. Mukul Mahavir Shah. Over the period, the group has completed more than four real estate projects. SIL is currently under process of executing a residential and commercial project named 'Superia' involving construction of a residential and commercial complex consisting of 169 units with a saleable area of 25005.84 sq. m. at Surat. Avantis Enterprise LLP (entity of Avantis Group) and Arihant Gems & Jewelleries Pvt Ltd are Corporate Guarantors for SIL. The implementation of project 'Superia' commenced from July 2019 and expecting completion by June 2024 with estimated project cost at Rs.150 crore. Out of total 169 units, 44 units (26%) are booked for sale and remaining are un-booked till November 30, 2022.

Brief Financials of SIL: Not Applicable as it is a project phase entity.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	31-12-2025	45.00	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Working Capital Demand loan		-	-	-	2.12	CARE B+; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Term Loan	LT*	45.00	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (04-Jan-23)	-	-
2	Fund-based - LT-Working Capital Demand loan	LT*	2.12	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (04-Jan-23)	-	-

*Issuer did not cooperate; based on best available information.

*LT: Long term

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT-Working Capital Demand loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Annexure-6: List of all the entities consolidated: Not Applicable

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us:

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About us:

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Disclaimer:

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