

Sri Lakshmi Venkateswara Builders

April 04, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	45.00 (Reduced from 71.00)	CARE BB; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of rating to the bank facility of Sri Lakshmi Venkateswara Builders (SLV) is on account of comfortable sales velocity leading to higher customer advances, which are utilised for prepayment of ~Rs. 71 crore debt well ahead of time. The rating continues to derive strength from promoter's experience in the industry, moderate construction progress and favourable location of the project. However, the rating is constrained by significant dependence on debt and customer advances for competition of the project, exposure to inherent cyclicity in real-estate industry and partnership nature of constitution with risk of withdrawal of capital.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Committed receivable to balance construction cost plus outstanding debt ratio above 60%.

Negative factors

- Delay in project execution or slowdown in sales velocity leading to unsold inventory
- Cost overruns or unforeseen delays in the completion of the project

Analytical approach: Standalone

Outlook: Stable

CARE Ratings believes that the firm will continue to benefit from the extensive experience of the promoters and management in the industry.

Detailed description of key rating drivers:

Key weaknesses

Significant dependence on debt and customer advances for completion of the project

About 80% of the total construction cost has been funded through debt and customer advances. The total project cost is Rs. 241 crores for both the phases. The company has raised Rs. 115 crore entire debt of which Rs.115 crore is already sanctioned. The total debt to total funding ratio stands at 47.72. Further, the company is expecting Rs. 125 crores as advances from customer upto March 31, 2025, in which Rs 115.66 crores is already received as on December 31,2024. The total customer advance to total funding is 47.99 %. As the company has prepaid the debt, it might have to raise debt again for completion of project if the sales velocity is lesser than expectation.

Exposure to inherent cyclicity in real-estate industry

SLV business is significantly dependent on the performance of the real-estate market. Being a cyclical industry, real estate depends on macro-economic factors and the company's dependence on a particular geography further heightens such risk.

Partnership nature of constitution with risk of withdrawal of capital

The firm being a partnership firm is exposed to inherent risk of capital withdrawal by partners due its nature of constitution. Any substantial withdrawals from capital account would impact the net worth and thereby the gearing levels.

Key strengths

Prepayment of debt

The firm has received about Rs. 115.66 crore from customer advances from which the company has prepaid the debt of Rs. 70.73 crores. Thus, the interest portion of the debt will be saved, and it will have headroom to raise debt if needed.

Experienced promoters with established track record in real estate sector

The firm is promoted by Mr. P. Srinivasa Raju and Mr. S Ranga Raju along with other 3 family members. The promoters are the part of SLV group and have experience of more than two decades in real estate industry. SLV group has developed more than 15 projects with total development area of more than 20 lakh square feet (Isft).

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

Moderate construction progress with satisfactory sales velocity

The firm has incurred Rs. 205.34 crore of total cost against total cost of Rs 241 crores as on December 31, 2024 which is about 85.20% of the total cost of sales. The firm has sold 72 units out of the total 133 units and collected Rs. 95 crores as an advances for the total sales value of Rs. 130.34 crore. Further, bookings of another 30 units are received against which advances of Rs 20.66 crores is received. Thus, the customer advances as a percentage of total debt plus the balance construction cost stands satisfactory at 77%.

Favourable location of the project

The project has been constructed at Gunadala, Vijayawada which is a residential locality with reasonable population density. There is availability of schools, malls, and hospital within 1km radius. It is well connected with roads, air (16 kms) and railway (10.5 kms).

Liquidity: Adequate

Adequate liquidity is marked by satisfactory collection of Rs. 115.66 crore from which Rs. 70.73 crore was utilised for prepayment of debt well ahead of time. Further, the company has repaid unsecured loans from promoters to the tune of Rs. 10.88 crore. And the surplus available as on date is Rs 34.05 crores which can be used towards completion of construction. However, receiving back the said advances would be critical from credit perspective.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Rating methodology for Real estate sector](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Realty	Realty	Residential, Commercial Projects

Sri Lakshmi Venkateshwara Builders (SLV), a partnership firm incorporated in April 2021. The firm is residential developer based out of Vijayawada, Andhra Pradesh. The firm is the part of SLV group, prominent member of Confederation of Real Estate Developers Association of India (CREDAI) Vijayawada Chapter since 2007. The group received Real Estate and Business Excellence Awards by CNN NEWS for its project SLV Amaravati Grand under the category of Fastest Constructed Project in the present scenario of Andhra Pradesh. Currently, the firm is developing SLV Green Meadows under JDA with promoters' saleable area of 5.48 lsf. The promoters have more than two decades of experience in real estate business and developed many projects in and around Vijayawada.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	18.98	43.72	42.89
PBILDT	4.47	10.20	9.70
PAT	0.34	2.48	2.79
Overall gearing (times)	27.00	20.31	-
Interest coverage (times)	1.18	1.58	1.90

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	March 31, 2025	45.00	CARE BB; Stable

Annexure-2: Rating history for 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 2024-2025	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
1	Fund-based - LT-Term Loan	LT	45.00	CARE BB; Stable	1)CARE BB; Stable (02-Apr-24)	-	1)CARE BB-; Stable (28-Mar-23)	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

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

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

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

Annexure-6: List of entities consolidated: NA

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

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saiikat.roy@careedge.in	Analytical Contacts Karthik Raj K Director CARE Ratings Limited Phone: 080- 46625555 E-mail: karthik.raj@careedge.in Niraj Thorat Assistant Director CARE Ratings Limited Phone: 914040102030 E-mail: Niraj.Thorat@careedge.in Mou Ghanty Analyst CARE Ratings Limited E-mail: Mou.ghanty@careedge.in
---	--

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For detailed Rationale Report and subscription information,
please visit www.careedge.in**