

Savani Infracon LLP

July 06, 2020

Rating

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Bank Facilities	25	CARE B; Stable; ISSUER NOT COOPERATING* (Single B; Outlook: Stable; ISSUER NOT COOPERATING*)	Issuer not cooperating; Revised from CARE B+; Stable (Single B Plus; Outlook: Stable) Based on best available information
Total	25 (Rupees Twenty Five crore only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated September 06, 2019, placed the rating(s) of Savani Infracon LLP (SIL) under the 'issuer non-cooperating' category as SIL had failed to provide information for monitoring of the rating. SIL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated May 28, 2020, June 01, 2020 and June 03, 2020. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

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 assigned to the bank facilities of SIL have been revised on account of non-availability of latest financial and operational information. The ratings take into account high project implementation risk, risk related to timely receipt and advances and presence in a cyclical and highly fragmented real estate industry. The ratings take comfort from experienced promoters supported by a professional team and location advantage.

Detailed description of the key rating drivers

At the time of last rating on September 06, 2019 following were the rating strengths and weaknesses:

Key Rating Weaknesses

High project implementation risk

SIL started construction activities of 'World Centre 3' from June 2017 and it is expected to be completed by end of September 2019. Till February 04, 2018, the firm has incurred cost to the extent of 29.02% out of total project cost of Rs.116.25 crore. With balance major costs yet to be incurred, SIL is exposed to project implementation risk.

Risk related to timely receipt of advances

Till February 04, 2018, SIL has not received any booking advance towards the project and the costs incurred towards the project are primarily funded through partners' contribution. With booking advances yet to be received, SIL is exposed to timely receipt of overall advances towards the project.

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 of units and volatile input costs has increased liquidity concerns for highly leveraged players. Further, the real estate sector in India is highly fragmented with presence of many regional players, who have significant presence in their respective local markets which in turn leads to intense competition within the industry.

Key Rating Strengths

Experienced promoters supported by a professional team

SIL is managed by Mr. Vishal Sheth, Mr. Madhavray Savani and Mrs. Narmadaben Savani. Mr. Vishal Sheth is holding total experience of more than a decade into real estate business. Further, the entity has been supported a professional team. Mr. Arun Savani, who is an engineer by profession, involved in the proposed project i.e. World Centre 3 as a key technical person. He holds total experience of more than two decades into same line of business. Further, Savani group has a strong presence in Ahmedabad's market by completing various Residential and Commercial projects.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

*Issuer not cooperating; based on best available information

Location Advantage

SIL is constructing 'World Centre 3' at Sabarmati Riverfront, which is very near to the already established business hub at Ashram Road, Ahmedabad. Further, its close proximity to Airport, Railway Station and Bus Station is giving an add-on benefit to the project.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning outlook to credit rating](#)

[CARE's Policy on Default Recognition](#)

[Financial Ratios- Non Financial Sector](#)

[Rating methodology- Real Estate Sector](#)

About the Firm

Ahmedabad (Gujarat) based, SIL was established as a limited liability partnership firm in March 2017. Mr. Madhavray K. Savani, Mrs. Narmadaben M. Savani and Mr. Vishal S. Sheth are the key partners of the firm. The firm is engaged into Real Estate Development. Currently the firm is constructing a commercial project known as 'World Centre 3' at Ahmedabad with the total cost of Rs.116.25 crore and till February 04, 2018 the firm has incurred cost of Rs.33.74 crore towards the project. The project consists of 11 storey building for 5 shops and 42 offices (aggregate 47 units) on Sabarmati Riverfront, Ashram Road, Ahmedabad, Gujarat. The firm has commenced project from June, 2017 and it is expected to be completed by September, 2019.

The firm belongs to Savani group which is into same line of business for more than a decade and successfully completed five projects.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History (Last three years): Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	June 2021	25.00	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of best available information

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

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/ Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	25.00	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of best available information	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (06-Sep-19)	1)CARE B+; Stable (07-Jun-18)	-

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

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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