



Press Release

Assotech Sun Growth Abode LLP

March 12, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	100.00 (including proposed limit of Rs. 60.50 crore)	IVR BBB/ Stable (IVR triple B with Stable Outlook)	IVR BBB-/ Stable (IVR triple B minus with Stable Outlook)	Rating upgraded	Simple
Total	100.00 (INR hundred crores only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics has upgraded the long-term rating assigned to the bank facilities of Assotech Sun Growth Abode LLP (ASGAL), which derives strength from timely completion of two of its ongoing projects “Assotech Hills Sector 1” and “Assotech Pride Phase 1” and favourable saleability of the projects. The rating also favourably factors in satisfactory execution track record of the Group in the real estate industry, favourable location of the projects with proximity to some of the prominent employment centres and maintenance of escrow account. However, these rating strengths are constrained due to geographical concentration risk, project implementation risk, exposure to risks relating to cyclicalities in real estate industry and risk associated with the inherent nature of the partnership constitution of the firm.

The outlook of ASGAL is expected to remain stable as it is supposed to benefit from the extensive experience of the promoters along-with favourable industry outlook.

Key Rating Sensitivities:

Upward Factors

- Timely receipt of customer advances
- Improvement in financial risk profile
- Scheduled completion of ongoing projects

Downward Factors

- Significant delay in disbursement of committed lines of funding



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- Weaker than anticipated sales performance and lower than expected collections which may lead to increased funding risk
- Time and cost overrun in the project

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Satisfactory execution track record of the Group in the real estate industry**

The promoters have a satisfactory record of executing residential and commercial real estate projects for two decades. The Group has completed 10 projects in NCR region, Gwalior, and Bhubaneswar, further, 6 projects are in pipeline.

- **Locational advantage of the Project**

The projects are located in developed area of Ranchi and Bhubaneswar with upper class locality and have good marketability feature. The projects are also in the vicinity of local market with easy accessibility to railway station and airport.

- **Moderate project cost structure & favorable saleability**

The total cost envisaged to the project is Rs.1087.16 Cr, which is projected to be met through partner's contribution of Rs.73.19 Cr, unsecured loan of Rs.6.52 Cr, term loan of Rs.74.5 Cr and customer advances of Rs.932.95 Cr. The loan amount to the total cost of the project is ~7.45%, while the promoters' fund constitutes ~6.73%. The remaining amount is from customer advance. Debt equity ratio of the project is 1.11x. As on date, possession by the customers have already started in "Assotech Hills, Sector-1, Ranchi" and "Assotech Pride, Phase 1, Bhubaneswar". As on 31st December 2024, out of 2516 units, 2097 units have been sold, which is ~83%. The remaining ~17% are still pending for sale. Again, the total sale value of the project is Rs.1695.81 Cr, out of which the value of sold units is Rs.1340.75 Cr of which the firm has received Rs.930.52 Cr (demand raised Rs.1033.91 Cr), as on 31st December 2024. The timely receipt of customer advances and booking money received would be key monitorable going forward.

- **Maintenance of escrow account**

The revenue of the project will be routed through an escrow account maintained with the bank. The withdrawals from accounts will be as per the predefined waterfall mechanism giving priority to debt obligations and last to operational expenses.



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Key Rating Weaknesses

- **Geographical concentration risk**

Since all the projects are being executed in Ranchi and Bhubaneswar, the firm is exposed to geographical concentration risk. The fortunes of the projects therefore will depend on the overall market sentiment in the region.

- **Projects Implementation Risk**

The projects namely “Assotech Hills Sector 2” and “Assotech Pride Phase 1 extension” are in their mid-construction stage which indicate a moderate degree of project implementation risk. However, the Assotech Group has vast experience in the real estate sector which imparts some comfort.

- **Exposure to risks relating to cyclicity in the real estate industry**

Being a cyclical industry, real estate depends on macro-economic factors and the firm's dependence on a particular geography further heightens such risk. The real estate industry also remains susceptible to regulatory risk. Cumulatively, these may have a material bearing on the real estate project cash flow. This may impact on the debt servicing ability of the firm. Managing the same thus remains critical.

- **Partnership nature of constitution**

Given ASGAL's constitution as a partnership firm, it remains exposed to discrete risks, including the possibility of withdrawal of capital by the partners and the risk of dissolution of the firm upon the death, retirement or insolvency of partners.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Real Estate Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria of assigning rating outlook](#)

[Policy on default recognition](#)

[Complexity level of rated Instruments/Facilities](#)

Liquidity– Adequate



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The adequate liquidity position of the firm is on account of the comfortable average cumulative cash flow coverage ratio of 1.61 times during FY2025 (refers to period April 1st, 2024, to Mar 31, 2025) to FY2027 (refers to period April 1st, 2026, to Mar 31, 2027). Further, the firm is projected to maintain an adequate level of inflow and the same is expected to increase gradually with improvement in bookings. In addition, availability of escrow account will ensure smooth repayments. Further, the firm is likely to benefit from the resourcefulness of the partners' Group.

About the Firm

Established in 2012, Assotech Sun Growth Abode LLP (ASGAL) is a LLP, which is engaged in the business of construction of several residential projects. Currently, the firm is headed by its partners Ms. Shivani Priyam and Ms. Enakshi Priyam. The firm is developing two projects "Assotech Hills, Ranchi", where the project is further divided into two sectors and "Assotech Pride, Bhubaneswar", where the project is further divided into two phases.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	171.59	157.22
EBITDA	16.90	22.80
PAT	8.29	11.50
Total Debt	6.20	17.06
Tangible Net Worth	16.95	32.13
EBITDA Margin (%)	9.85	14.50
PAT Margin (%)	4.83	7.30
Overall Gearing Ratio (x)	0.37	0.53
Interest Coverage (x)	14.70	12.08

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years:



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Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 March 11, 2024	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Term Loan	Long Term	39.50	IVR BBB/ Stable	IVR BBB-/ Stable	-	-
2.	Proposed Term Loan	Long Term	60.50	IVR BBB/ Stable	IVR BBB-/ Stable	-	-

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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

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recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Facility Details

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	October 2027	39.50	IVR BBB/ Stable
Proposed Term Loan	-	-	-	60.50	IVR BBB/ Stable

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-assotechsun-mar25.pdf>

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

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.