



Sattva Developers Private Limited

Instrument	Amount (Rs. Crore [*])	Rating Action
Term Loan	10.00	[ICRA]A (Stable) reaffirmed
Drop Line Overdraft	10.00	[ICRA]A (Stable) reaffirmed

ICRA has reaffirmed the rating of [ICRA]A (pronounced as ICRA A)[†] to the Rs.10.00 crore term loan and Rs. 10.00 crore overdraft facilities of Sattva Developers Pvt. Ltd. (SDPL). The outlook on the rating is Stable.

The rating reaffirmation continues to factor in the established position of Salarpuria-Sattva Group in the Bangalore real estate market with track record of more than 28 years and development of over 17 million square feet (msf) of space in the commercial and residential space. The rating also factors in the strong financial profile of SDPL characterized by the low gearing and stable stream of lease revenues with strong tenant profile from its “Supreme” project. The rating also considers the strong commercial real estate portfolio of the Salarpuria-Sattva group with rental incomes of about Rs 180 crore annually. ICRA also notes that the adequate pre-sales in the ongoing residential projects provides comfort on the future cash flow visibility and lowers the reliance on external debt.

The rating is, however, constrained by susceptibility of SDPL’s operations to cyclicity inherent in the real estate sector, and the concentration of its projects predominantly in Bangalore real estate market exposing it to single market risk. The rating also takes into account the increased investments and corporate guarantees given by SDPL to group entities, since SDPL is one of the flagship entities of the group.

Going forward, the group’s ability to maintain its sales momentum and execute projects in timely manner, and the group’s investment towards land bank and commercial projects would be the key rating sensitivities.

Company Profile

Sattva Developers Private Limited (SDPL) is the flagship company of Mr. Bijay Kumar Agarwal incorporated in the year 2004. The company was founded by Mr. Bijay Agarwal, who is currently the MD and CEO. The Group is one of the leading real estate developers in the Bangalore real estate market and has completed more than 17 million square feet of development in the past 28 years of its existence. While the group initially started with a focus on commercial real estate developments, the project mix in the ongoing projects is focused more on the residential development. The group currently has a sizeable commercial real estate portfolio from which the group derives around Rs. 180 crore of annual rental income. The commercial properties of the group which are located in prime locations in Bangalore have witnessed high occupancy levels and house many reputed multinational tenants such as Hewlett Packard, HSBC, Cadence, Verizon, Deloitte etc.

SDPL currently has two completed commercial projects and one ongoing residential project. One of the commercial projects, ‘Salarpuria Supreme’ is located on Outer Ring Road, Marathahalli, Bangalore. SDPL owns the second floor of the property. The total leasable area of the second floor is 56,891 square feet. The other commercial project, ‘Salarpuria Hallmark’, is situated on Outer Ring Road, from which SDPL derives income from fit out work. The residential project, ‘Laurel Heights’, with a total saleable area of 0.48 msf, was launched in October 2014 and is expected to be completed by March 2018.

* 100 lakhs = 1 crore = 10 millions

† For complete rating scale and definitions, please refer to ICRA’s website www.icra.in or other ICRA Rating Publications



Recent Results

SDPL reported net profit of Rs. 23.63 crore on an income of Rs. 142.21 crore for FY 2015 (based on provisional financial statements) as compared to a net profit of Rs. 15.84 crore on an income of Rs 47.23 crore for FY 2014.

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