



SMERA RATINGS LIMITED

A.V. Properties India Private Limited (AVPIPL)

*Rating
Rationale***November 27, 2014**

Facilities	Amount (Rs. Crore)	Rating
Cash Credit – I	4.75	SMERA C (Assigned)
Cash Credit – II	4.25	SMERA C (Assigned)

SMERA has assigned a rating of '**SMERA C' (read as SMERA C)** to the Rs.9.00 crore bank facilities of A.V. Properties India Private Limited (AVPIPL). The rating reflects the company's stretched liquidity position and weak financial profile. The rating is constrained by decline in the company's net profit margin. The aforementioned weaknesses are partially offset by the company's experienced management.

AVPIPL, incorporated in 2005, is a Coimbatore-based company engaged in real estate development. AVPIPL's stretched liquidity position is marked by continuous overdrawn in cash credit account. The company's weak financial profile is reflected in negative cash flows from operations in FY2012-13 (refers to financial year, April 01 to March 31). AVPIPL's net profit margin declined from 3.82 per cent in FY2009-10 to 1.56 per cent in FY2012-13.

AVPIPL benefits from its experienced management. The promoters of the company have around three decades of experience in the real estate sector.

About the company

AVPIPL, incorporated in 2005, is a Coimbatore-based company engaged in real estate development. AVPIPL has completed ~20 projects till date. The company is currently undertaking five projects viz. AV Hi-field Premium Apartments, AV Indraprastha Luxury Apartments, AV Grandeur, AV Nest and AV Hill View.

For FY2013-14 (as per provisional financial statements), AVPIPL reported profit after tax (PAT) of Rs.1.01 crore on operating income of Rs.20.00 crore, as compared with PAT of Rs.0.22 crore on operating income of Rs.13.99 crore in FY2012-13. The company's net worth stood at Rs.4.47 crore (provisional) as on March 31, 2014, as compared with Rs.3.45 crore a year earlier.

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