



SMERA RATINGS LIMITED

The Vision House (TVH)

*Rating
Rationale*

June 01, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	6.60	SMERA BB/Stable (Assigned)
Bank Guarantee	1.30	SMERA A4+ (Assigned)

SMERA has assigned ratings of '**SMERA BB**' (read as **SMERA double B**) to the Rs.6.60 crore long-term (fund based) bank facility and '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs.1.30 crore short-term (non-fund based) bank facility of The Vision House (TVH). The outlook is '**Stable**'. The ratings are supported by the firm's experienced management, comfortable net profit margin and debt protection metrics. However, the ratings are constrained by the firm's small-scale operations in an intensely competitive segment of the infrastructure industry.

TVH, established in 2004, is a Jaipur-based civil construction firm that undertakes engineering, procurement and construction (EPC) projects and consultancy services in structural designing. The firm is headed by Mr. Anil Gupta, (M. Tech Structural Designing) who has around a decades experience in the firm's line of business.

TVH registered a comfortable net profit margin of 7.41 per cent in FY2013-14 (refers to financial year, April 01 to March 31). The firm has comfortable debt protection metrics with moderate leverage of 1.39 times as on March 31, 2014 and moderate interest coverage ratio of 2.49 times in FY2012-13. However, TVH has small-scale operations marked by revenues of Rs.23.00 crore in FY2013-14 and operates in an intensely competitive segment of the infrastructure industry.

Outlook: Stable

SMERA believes TVH will maintain a stable business risk profile over the medium term. The firm will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' if the firm registers substantial growth in revenues and profits while maintaining strong debt protection metrics. However, the outlook may be revised to 'Negative' in case of deterioration in the firm's financial risk profile, or stretch in the firm's working capital cycle.

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About the Firm

TVH, established in 2004, is a Jaipur-based proprietorship firm engaged in the business of civil construction. The firm also undertakes engineering, procurement and construction (EPC) projects and consultancy services in structural designing.

TVH reported profit after tax (PAT) of Rs.1.70 crore on operating income of Rs.23.00 crore for FY2013-14, as compared with PAT of Rs.1.68 crore on operating income of Rs.20.10 crore for FY2012-13. The firm reported revenue of Rs.20.00 crore (provisional) for the period April 2014 to March 2015. TVH's net worth stood at Rs.6.51 crore as on March 31, 2014, as compared with Rs.6.48 crore a year earlier.

Contact List:

Media/Business Development	Analytical Contacts	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 9820802479 Email: antony.jose@smera.in Web: www.smera.in	Parimal Thakker Assistant Vice President – Operations Tel: +91-011-49731312 Email: parimal.thakker@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

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