



SMERA RATINGS LIMITED

Vistar Builders and Developers (VBD)

*Rating
Rationale***January 18, 2016**

| Facility | Amount (Rs. Crore) | Rating |
|-----------|--------------------|------------------------------|
| Term Loan | 10.00 | SMERA BB-/ Stable (Assigned) |

SMERA has assigned rating of '**SMERA BB-'** (read as **SMERA double B minus**) to the Rs. 10.00 crore long-term (fund based) bank facility of Vistar Builders and Developers (VBD). The outlook is '**Stable**'. The rating is supported by the firm's experienced management, healthy advances from customers and moderate stage of execution of VBD's ongoing project in Bannerghatta, Bangalore. However, the rating is constrained by the firm's exposure to project-specific risks inherent in the construction of the residential township and intense competition in the real estate sector that is undergoing a slowdown.

Outlook: Stable

SMERA believes VBD will maintain a stable business risk profile over the medium term owing to the experienced management. The outlook may be revised to 'Positive' in case the firm generates steady cash flows from timely receipt of customer advances. Conversely, the outlook may be revised to 'Negative' if the firm faces liquidity pressure arising from delays in project execution and receipt of customer advances.

Rating sensitivity factors

- Timely completion of ongoing project
- Customer advances

About the Firm

VBD, a Bangalore-based real estate firm promoted by Mr. H.N. Girish Reddy, Mr. H.N. Roopesh Kumar, Mr. P Nagabhushana and Mr. K Raveendra is currently developing a residential project, Vistar Classic on an area of 48,000 sq. ft on Bannerghatta Road, Bangalore. The firm has already received customer advances of Rs.5.65 crore (provisional) till November 30, 2015. The firm's net worth stood at Rs.3.46 crore as on March 31, 2015.

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