

## Press Release

### Adura Foundation

12 January, 2017

### Rating Assigned

<b>Total Bank Facilities Rated*</b>	Rs.11.00 Cr
<b>Long Term Rating</b>	SMERA B+/Stable (Assigned)
<b>Short Term Rating</b>	SMERA A4 (Assigned)

\*Refer Annexure for details

### Rating Rationale

SMERA has assigned long term rating of '**SMERA B+**' (**read as SMERA B plus**) and short term rating of '**SMERA A4**' (**read as SMERA A four**) to the above mentioned Rs.11.00 crore bank facilities of Adura Foundation (AF). The outlook is '**Stable**'.

AF established in 2004, is engaged in the construction of residential and commercial property (villas, marriage halls, barracks, shopping complexes).

### List of key rating drivers and their detailed description

#### Weaknesses:

**Modest scale of operations:** The firm has modest scale of operations with revenue of around Rs.12.01 crore in FY2016 (provisional) as against Rs.10.02 crore in FY2015.

**Weak capital structure:** The firm has low net worth base of Rs.2.22 crore as on March 31, 2016 (provisional). Further, the firm has invested Rs.0.54 crore (around 24 per cent of the networth) in its group entity, Adura Realtors. The adjusted gearing stands at around 1.67 times as on March 31, 2016 and is expected to deteriorate in the medium term with addition of debt to support increasing working capital requirements.

**Working capital intensive business:** The firm's GCA days stand moderately high at around 116 days in FY2016 (provisional) mainly on account of inventory holding of 58 days.

#### Strengths:

**Experienced management:** Mr. Antony Jude, Proprietor possesses experience of around 12 years in the construction business.

**Healthy revenue visibility:** The firm has healthy order book of around Rs.31 crore, thus reflecting medium term revenue visibility.

**Analytical approach:** SMERA has considered the standalone business and financial risk profile of the firm.

#### Applicable Criteria:

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Application of Financial Ratios and Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

## Outlook: Stable

SMERA believes that AF will continue to maintain a Stable outlook over the medium term owing to its promoters' extensive industry experience. The outlook may be revised to 'Positive' in case of sustainable improvement in the scale of operations while maintaining profitability and managing the working capital cycle effectively. Conversely, the outlook may be revised to 'Negative' in case of decline in revenue and profitability or weakening of the financial risk profile due to stretch in working capital cycle. Any large debt-funded capex undertaken by the firm may also entail a 'Negative' outlook.

## About the Firm

Established in 2008, Adura Foundation located at Tirunelveli, Tamil Nadu, is a sole proprietorship firm engaged in the construction of villas, marriage halls, shopping complexes among others on contract basis. The firm is headed by Mr. Antony Jude.

For FY2015-16 (provisional), AF reported profit after tax (PAT) of Rs.0.51 crore on operating income of Rs.12.01 crore, as compared with PAT of Rs.0.50 crore on operating income of Rs.10.02 crore in FY2014-15.

**Status of non-cooperation with previous CRA (if applicable):** Not Applicable

**Any other information:** Not Applicable

## Rating History for the last three years:

Name of Instrument /Facilities	2017			2016		2015		2014	
	Scale	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Secured Overdraft	LT	3.00	SMERA B+/Stable (Assigned)	-	-	-	-	-	-
Term Loan	LT	0.08	SMERA B+/Stable (Assigned)	-	-	-	-	-	-
Open Cash Credit	LT	7.00	SMERA B+/Stable (Assigned)	-	-	-	-	-	-
Bank Guarantee	ST	0.92	SMERA A4 (Assigned)	-	-	-	-	-	-

**\*Annexure – Details of instruments rated:**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Secured Overdraft	NA	NA	NA	3.00	SMERA B+/Stable (Assigned)
Term Loans	NA	NA	15 April, 2018	0.08*	SMERA B+/Stable (Assigned)
			19 Feb, 2019		SMERA B+/Stable (Assigned)
Open Cash Credit	NA	NA	NA	7.00	SMERA B+/Stable (Assigned)
Bank Guarantee	NA	NA	NA	0.92	SMERA A4 (Assigned)

\*Includes outstanding figures of two term loans

**Note on complexity levels of the rated instrument:** <https://www.smerra.in/criteria-complexity-levels.htm>

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**ABOUT SMERA**

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