

### Visvas Promoters Private Limited: Assigned

Facility	Amount (Rs. Crore)	Rating/Outlook
Term Loan	38.40	SMERA B+/Stable (Assigned)

SMERA has assigned long term rating of '**SMERA B+**' (read as **SMERA B plus**) on the Rs.38.40 crore bank facility of Visvas Promoters Private Limited (VPPL). The outlook is '**Stable**'. The rating is constrained by the modest scale of operations, moderate project risk and susceptibility of profit margins to the inherent cyclicity in the real estate industry. However, the rating draws support from the experienced management and average financial risk profile.

VPPL is engaged in the real estate business. The scale of operations has been modest with operating income of Rs.26.26 crore in FY2016 and Rs.20.73 crore in FY2015. The company is in the process of executing several projects including Shreyas in Thuvaraman, Viprosaa in Thuvaraman, Virat in Vilangudi to name a few. The timely completion of these projects, receipt of customer advances and generation of adequate cash flows will remain the key rating sensitivities. The margins are also exposed to volatility in raw material prices and inherent cyclicity in the industry.

However, the Directors, Mr. Sankaran Seetharaman and Mr. Chandrasekharan Padmalakshmi possess experience of two decades in the construction and infrastructure industry. Some of the projects executed in Madurai include S S Colony, Vajra (Bypass Road), Srinivas (Velmurugan Nagar), Vasudhara (TPK Road).

VPPL has average financial risk profile marked by net worth of Rs.31.79 crore in FY2016. The gearing has been moderate at 1.61 times and interest coverage ratio at 1.22 times. The debt service coverage ratio stands at 1.15 times in FY2016. The NCA/TD stands low at 0.02 times in FY2016.

#### Rating Sensitivity Factors

- Generation of adequate cash flows
- Timely execution of projects

#### Outlook-Stable

SMERA believes that the company will maintain a stable outlook in the medium term owing to its experienced management. The outlook may be revised to 'Positive' if the company generates steady cash flows and completes projects on time. Conversely, the outlook may be revised to 'Negative' in case of delay in project execution or in collections from bookings thereby creating pressure on liquidity.

#### About the Company

The Madurai-based VPPL was established in 2000. The company is engaged in real estate development and has successfully implemented several projects in Madurai.

For FY2015-16, VPPL reported profit after tax (PAT) of Rs.0.91 crore on total operating income of Rs.26.26 crore as compared with profit after tax (PAT) of Rs.0.29 crore on total operating income of Rs.20.73 crore in FY2014-15.

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