

### 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 cyclical 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 Thuvariman, Viprosaa in Thuvariman, 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 cyclical 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.

**Contacts:**

Analytical	Business Development
Mr. Mohit Jain Vice President – Ratings Operations Tel: +91-22-6714 1105 Cell: +91-9619911017 Email: <a href="mailto:mohit.jain@smera.in">mohit.jain@smera.in</a>	Mr. Suman M Vice President – Business Development, Corporate Ratings Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: <a href="mailto:suman.m@smera.in">suman.m@smera.in</a>

**ABOUT SMERA**

SMERA Ratings Limited is a joint initiative of SIDBI, Dun & Bradstreet Information Services India Private Limited (D&B) and leading public and private sector banks in India. SMERA is registered with SEBI as a Credit Rating Agency and accredited by Reserve Bank of India. For more details please visit [www.smera.in](http://www.smera.in).

***Disclaimer:*** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.