



**Press Release**  
**Venkataramanan Associates**  
**May 09, 2024**  
**Rating Assigned**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	31.70	ACUITE BB+   Stable   Assigned	-
Bank Loan Ratings	3.30	-	ACUITE A4+   Assigned
Total Outstanding Quantum (Rs. Cr)	35.00	-	-

### Rating Rationale

Acuite has assigned its long-term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) and short-term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) to the Rs.35.00 Cr. bank facilities of Venkataramanan Associates (VA). The Outlook is '**Stable**'.

#### Rationale for rating assigned

The rating assigned takes into account the extensive experience of the partners and their established long track record of operations of more than five decades in architectural services. Further, the rating considers the steady growth recorded in scale of operations, healthy order book position consisting of diversified and reputed clientele and moderate financial risk profile. However, the rating is constrained by moderately intensive working capital operations and human resource intensive nature of operations.

#### About the Company

Venkataramanan Associates, founded in 1969, is an architecture and urban design firms, based in Bangalore and Pune. Over the fifty-three years, the firm provides services like integrated architecture, interiors and urban design practice with a presence across India. The partners of the firm are Mr. V Narasimhan and Ms. Aparna Narasimhan.

#### Unsupported Rating

Not applicable

#### Analytical Approach

Acuite has considered the standalone business and financial risk profile of Venkataramanan Associates for arriving the rating.

#### Key Rating Drivers

#### Strengths

##### Experienced management and long track record of operations

Venkataramanan Associates (VA) has more than five decades of experience in providing

architectural services. The firm is currently managed by Mr.V.Narasimhan and Mrs. Aparna Narasimhan. The extensive experience of the partners has helped the firm to maintain long

term relationship with its clients for repeat orders and attain the new clients. VA has adequate experience in providing architectural services to multiple sectors across India including complex R&D development centres, IT parks, residential and commercial real estate projects and various manufacturing projects. Some of the notable projects of the firm includes Boeing R&D centre at Bangalore, Infosys campus at Bhubaneswar, Brigade's world trade centre at Bangalore, Nirlon Knowledge Park at Mumbai, Volkswagen manufacturing centre at Pune, designing of public utility for Church Street in Bangalore among other. Acuite believes that VA may continue to benefit from its established track record of operations and long standing relationship with its clients.

### **Healthy Order Book Position with reputed clientele**

The unexecuted order book of the firm stood at Rs.137 Cr. as on March'2024, which is nearly 3.47x of its total revenue of FY2023. The healthy order book is backed by its established track record and healthy relationship with its clients. The outstanding order book is expected to be executed in next 2 to 3 years, which ensures short and medium term revenue visibility. VA's clientele includes reputed brands such as brigade group, prestige group, embassy, Aurobindo, Cummins among others.

### **Moderate financial risk profile**

VA's financial risk profile is moderate marked by moderate networth and gearing ratio. The tangible networth of the firm stood at Rs.24.07 Cr. as on March 2023 as against Rs.22.42 Cr. as on March'2022. The debt-equity ratio stood at 0.16 times as on March 2023 as against 0.30 times as on March 2022. In FY2024 VA has availed a term loan of Rs.27.60 Cr. for construction of new office, out of which Rs.18 Cr. has been disbursed up to March'2024. The TOL/TNW (Total outside liabilities/Total net worth) has slightly improved and stands at 0.45 times as on 31 March, 2023 against 0.68 times in previous year. The NCA/TD (Net cash accruals to total debt) stands at 0.81 times in FY2023 as against 0.31 times in FY2022., Interest coverage ratio (ICR) and debt service coverage ratio (DSCR) stood at 19.50 times and 13.74 times respectively in FY2023 as against 9.84 and 7.44 times respectively in the FY2022.

Acuite believes the financial risk profile of the VA will continue to remain moderate over the medium term in view of new additional loan availed by the firm for construction of its new office.

### **Weaknesses**

#### **Moderately Intensive working capital management**

The working capital operations of the company improved yet remained moderately intensive with GCA days of 109 days as on March 31, 2023 as against 160 days as on March 31, 2022. The improvement recorded is on account of reduced debtor days. The debtor days stood at 75 days as on March 31, 2023 as against 123 days as on March 31, 2022. To support the working capital, the firm stretched the creditors to an extent of about 26–32 days during the last three years, ending in FY23. Furthermore, the average working capital limit utilisation remains low at ~17.33 percent over the past 12 months ending January 2024.

Acuite believes that the working capital operations of the firm will remain at similar levels over the medium term.

#### **Human resource intensive nature of operations**

The retention of key management personnel and employees remains critical, given the high training spends and human resource intensive operations. Further, the company's ability to retain critical talent is crucial for maintaining its competitive position.

### **Rating Sensitivities**

- Growth in the scale of operations while maintaining profitability leading to improvement in overall financial risk profile.
- Elongation in working capital cycle.

### **Liquidity Position: Adequate**

VA's liquidity is adequate marked by sufficient cash accrual generation against no maturing debt repayment obligation. VA generated cash accruals in the range of Rs.1.69 Cr. to Rs.3.13 Cr. during the past three years ending FY2023..The current ratio of the firm stood at 2.59 times and cash and bank balance stood at 0.14 Cr. as on March 31st 2023. The firm's working capital operations are moderately intensive in nature, however the reliance on working capital limits stood low at 17.33 percent over last 12 months ending January 2024. Acuite believes that VA will maintain adequate liquidity over the medium term on account of sufficient cash accrual generation and nominal reliance on working capital limits.

### **Outlook: Stable**

Acuite believes that VA will maintain a 'Stable' outlook in near to medium term on account of its experienced management and improving operating performance. The outlook may be revised to 'Positive' if the firm is able to achieve higher than expected growth in revenue while effectively managing its working capital cycle and keeping the debt levels moderate. Conversely, the outlook may be revised to negative in case of moderation in liquidity profile and its profitability margins, and deterioration in debt protection indicators.

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	39.47	32.82
PAT	Rs. Cr.	2.50	1.45
PAT Margin	(%)	6.33	4.41
Total Debt/Tangible Net Worth	Times	0.16	0.30
PBDIT/Interest	Times	19.50	9.84

### Status of non-cooperation with previous CRA (if applicable)

None

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

### Rating History :

Not applicable

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Canara Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	3.30	ACUITE A4+   Assigned
Canara Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	4.00	ACUITE BB+   Stable   Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.10	ACUITE BB+   Stable   Assigned
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Apr 2034	Simple	27.60	ACUITE BB+   Stable   Assigned

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### About Acuité Ratings & Research

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