



Press Release
Venkataramanan Associates
August 06, 2025
Rating Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	31.70	ACUITE BBB- Stable Upgraded	-
Bank Loan Ratings	3.30	-	ACUITE A3 Upgraded
Total Outstanding Quantum (Rs. Cr)	35.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded its long-term rating to 'ACUITE BBB-' (read as ACUITE triple B minus) from 'ACUITE BB+' (read as ACUITE double B plus) and short-term rating to 'ACUITE A3' (read as ACUITE A three) from 'ACUITE A4+' (read as ACUITE A four plus) on Rs.35 Cr. bank facilities of Venkataramanan Associates (VA). The outlook is 'Stable'.

Rationale for rating upgrade:

The rating upgrade factors in the steady growth in revenue and consistent profitability, supported by healthy unexecuted order book of Rs.378.00 Cr. as on March 31, 2025 providing revenue visibility over the medium term. The rating also factors in the firm's above-average financial risk profile and extensive experience of the management in architectural design services, which continues to benefit the business risk profile. However, the rating remains constrained by, moderately intensive nature of working capital operations intensive nature of operations.

About the Company

Venkataramanan Associates, founded in 1969, is an architecture and urban design firms, based in Bangalore and Pune. The firm is engaged in this business over five decades providing 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 architectural services. The firm is currently managed by Mr.V.Narasimhan and Mrs. Aparna Narasimhan, whose extensive experience has helped the

firm to maintain long-standing relationship with its clients, resulting in 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.

Steady growth in revenue and profitability along with healthy order book position:

The firm's has registered revenue of Rs61.06 Cr. in FY2025 (Est.), grown by ~35 percent as against Rs.45.17 Cr. in FY2024. This growth in revenue is due to increase in order flow particularly from industrial and manufacturing sector. The industrial and manufacturing sector has contributed around 45 percent to the total revenue in FY2025 (Prov.) compared to 22 percent in FY2024. Additionally, from FY2025 the firm has ventured into design and build segment which has contributed around 7 percent to the total revenue in FY2025 (Est.). Through this segment the firm also provides building of the interiors in addition to design services. As on March 31, 2025 the firm has Rs.378.15 Cr. order book, which is nearly 6.20x of its FY2025 (Est) revenue providing healthy revenue visibility over the medium term.

The operating profit margin estimated to remain stable at 11.58 percent FY2025 (Est.) compared to 11.09 percent in FY2024. The PAT margin stood at 13.49 percent in FY2025 (Est.) against 14.43 percent in FY2024.

Acuite believes that, revenue is expected to improve steadily owing to its healthy order book position, while operating profit is expected to remain in the similar levels.

Above-average financial risk profile:

Venkataramanan Associates financial risk profile is above-average, marked by moderate net worth, moderate gearing and above average debt protection metrics. The firm's net worth is estimated to be at Rs.40.18 Cr. as on March 31, 2025 (Est.) against Rs.35.10 Cr. as on March 31, 2024. The estimated improvement in net worth is due to accretion of profits to reserves. However, withdrawal of Rs.3.15 Cr. is estimated during FY2025 (est.) from partners capital account due to the settlement of an ex-partner's account. The overall debt which primarily includes long-term debt, stood at Rs.18.48 Cr. as on March 31, 2025 (Est.) against Rs.20.69 Cr. as on March 31, 2024 which includes Rs.18.34 Cr. of long term debt, Rs.1.44 Cr. unsecured loans and Rs.0.91 Cr. short-term debt. The gearing and total outside liabilities to tangible net worth (TOL/TNW) levels estimated to be at 0.46 times 0.80 times as of March 31, 2025 (Est.) respectively, compared to 0.59 times and 0.94 times as on March 31, 2024 respectively. The debt protection metrics stood above average with DSCR and ICR of 49.69 times and 60.53 times respectively as on March 31, 2025 (Est.). Debt to EBITDA is estimated to improve to 1.61 times as on March 31, 2025 (Est.) from 2.03 times as on March 31, 2024. Acuite believes that the financial risk profile of the company will remain similar over the medium term despite the planned debt-funded capex of office building, which is intended to support the firm's growing scale of operations.

Weaknesses

Moderately intensive nature of working capital operations:

The firm's working capital operations are intensive in nature as reflected by the gross current asset (GCA) days of 156 days in FY2025 (Est.) improved from 199 days in FY2024. The estimated improvement in GCA days is due to reduced debtor days. The debtor days stood at 59 days in FY2025 (Est.) against 100 days in FY2024. However, the slight elongation in GCA days is due to higher other current assets in form of advances and deposits. The creditor days stood at 21 days in FY2025 (Est.) against 43 days in FY2024. The average utilization of the fund based working capital limits stood less than 1 percent over the past 12 months ending June 2025. Acuite believes that the working capital operations of the firm will remain at similar levels over the medium term.

Susceptibility to input cost volatility and dependence on end use industry:

The firm remains exposed to fluctuations in input costs such as design software licenses, consultancy fees and manpower expenses which are critical in execution of a project. The retention of key management personnel and employees remains critical, given the high training spends and human resource intensive operations. Most of the architectural projects are executed under fixed-price nature of contracts, which may impact the firm's profitability in case of unexpected cost escalations.

Further, the firm's revenue profile is closely linked to the real estate and manufacturing sector performance, making it susceptible to the cyclical nature of these sectors.

Inherent risk of capital withdrawals in partnership firms:

Venkataramanan Associates is susceptible to the inherent risk of capital withdrawals by partners, given its constitution as a partnership firm. Any substantial withdrawals from partners capital will have a negative impact on the firm's financial risk profile and can constrain the firm's ability to maintain adequate liquidity.

Rating Sensitivities

- Sustained growth in revenues along with improvement in profitability.
- Working capital management.
- Changes in financial risk profile.

Liquidity position: Adequate

The firm estimated to register net cash accruals of Rs.9.25 Cr. in FY2025 (Est.) against the nil repayment obligations. Further expected to register NCA's in the range of Rs.9.5 to 11.5 Cr. over the medium term which would be sufficient to meet the expected debt repayment obligations of Rs.3.45 Cr. for the same period. The firm's working capital operations are moderately intensive in nature with estimated GCA days of 156 days in FY2025 (Est.), however, reliance on the fund based working capital limits stood low at less than 1 percent over the past 12 months ending June 2025. As on March 31, 2025 (Est.), the firm's current-ratio is estimated to be at 2.36 times. Further it is estimated to have Rs.1.09 Cr. unencumbered cash and bank facilities as on March 31, 2025 (Est), providing additional comfort towards liquidity. 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

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	45.17	39.59
PAT	Rs. Cr.	6.52	2.50
PAT Margin	(%)	14.43	6.31
Total Debt/Tangible Net Worth	Times	0.59	0.16
PBDIT/Interest	Times	56.36	19.50

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

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.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, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook	
09 May 2024	Bank Guarantee (BLR)	Short Term	3.30	ACUITE A4+ (Assigned)	
	Term Loan	Long Term	27.60	ACUITE BB+	Stable (Assigned)
	Cash Credit	Long Term	4.00	ACUITE BB+	Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.10	ACUITE BB+	Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Canara Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.30	Simple	ACUITE A3 Upgraded (from ACUITE A4+)
Canara Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.00	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.10	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Apr 2034	27.60	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)

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