

Rating Rationale

Brickwork Ratings assigns “BWR BB-” for the Bank Loan facilities aggregating ₹40.00 Cr Of Optima Homes Pvt Ltd (OHPL or ‘the company’)

Brickwork Ratings (BWR) has assigned the following **Rating¹** for the Bank Loan Facilities of ₹40.00 crores of Optima Homes Pvt. Ltd

| Facility | Amount (₹ Cr) | Tenure | Rating |
|-------------------------|------------------|------------------------------|--|
| Fund Based Term Loan | 40.00 | Long Term | BWR BB- (Pronounced BWR Double B Minus) Outlook: Stable |
| Total | 40.00 | INR Forty Crores only | |

BWR has essentially relied upon the audited financial results up to FY 15, Provisional for FY 16 and projected financial of FY17 and FY18 of Optima Homes Private Limited, publicly available information and information/clarification provided by the Company’s management.

The rating reflects the promoters experience in the residential real estate sector, established credentials in the affordable homes segment and demonstrated project execution capabilities of the Company. However, the rating is constrained by the modest scale of operations, Company’s exposure to current scenario of subdued demand and intense competition and exposure to regulatory risk for the real estate sector

Background:

The organization, known as SSVK Builders private limited was formed in the year 1998 and later on in October 2012 it was renamed as Optima Homes Private Limited. OHPL has developed over half a million square feet till date, in the form of residential projects, bungalows, industries and hospitals spread across prominent locations in Chennai. The Company is mainly targeting the Middle-Income Group. OHPL has completed around seventy projects in and around Chennai. OHPL presently has ongoing project in Avadi called Optima upgrade.

Management

Mr. V Sudhakar, managing director of the company has more than two decades of experience in the Real Estate industry.

Financial Performance

PFI has reported a Net Profit (NP) of ₹0.52 Cr. on Net Sales of ₹22.79 crs. for FY 16 as against Net Profit (NP) of ₹0.18 Cr. on Net Sales of ₹19.54 crs. for FY15. The Operating Profit Margin was 12.85% in FY16. Tangible net worth as on March 31, 2016 was ₹5.24crs. Debt to Equity ratio was at 2.84 times as on FY16. Current ratio was 1.30 as on FY16.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Rating Outlook

The Company's performance over the next year is expected to be stable. Going forward, timely execution of projects on hand without any time or cost overrun, ability to increase the volume of business operations and achieve the projected cash flows will be the key rating sensitivities for the Company.

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