ICRA

September 11, 2017

Popular foundations Private Limited

Summary of rated instruments

Instrument^	Amount (in crore)	Rating Action*
Long-Term Fund based facilities	5.50	[ICRA]BB- (stable) ISSUER NOT COOPERATING*; Rating moved to the 'Issuer not Cooperating' category
Total	5.50	

^Instrument Details captured under Annexure-1

Rating Action:
ICRA has moved the long-term rating for the Rs. 5.50 crore bank facilities of Popular foundations Private Limited to the 'Issuer Not Cooperating' category. The long-term rating is now denoted as: "[ICRA] BB- (Stable); ISSUER NOT COOPERATING".

Rationale
The rating is based on no updated information on the entity's performance since the time it was last rated in February, 2016. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating does not adequately reflect the credit risk profile of the entity. The entity's credit profile may have changed since the time it was last reviewed by ICRA; however, in the absence of requisite information, ICRA is unable to take a definitive rating action.

As part of its process and in accordance with its rating agreement with Popular foundations, ICRA has been trying to seek information from the company so as to undertake a surveillance of the ratings, but despite repeated requests by ICRA, the company's management has remained non-cooperative. In the absence of requisite information, ICRA's Rating Committee has taken a rating view based on best available information. In line with SEBI's *Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016*, the company's rating is now denoted as: **"[ICRA]BB-(stable) ISSUER NOT COOPERATING"**. The lenders, investors and other market participants may exercise appropriate caution while using this rating, given that it is based on limited or no updated information on the company's performance since the time it was last rated.

Key Rating Drivers

Credit Strength

Comfortable financial profile of the company
Financial profile of the company was Comfortable with healthy profitability and return indicators during the last five years till FY2015 on the back of healthy order flows.
Experience of the promoters in the business for over two decades
Promoters have significant experience in the industry and reputed customer base of the company which includes educational institutions etc.

Credit Weakness

Financial profile characterized by high working capital intensity

The rating is constrained by high working capital intensity owing to delays in the receivables. Further, the delays in receivables of the company has resulted in high working capital requirement and thereby stressed cash flows.

Operational profile characterized by high risk of external factors
The rating also takes into consideration the exposure of the company's profitability to external factors such as climatic conditions, land acquisition, etc.

Analytical approach:
For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

Links to applicable Criteria
Corporate Credit Rating Methodology
Policy in respect of non-cooperation by the rated entity

About the Company:
Popular Foundations Private Limited was established in 1998 by Mr. Venaktesh who is currently the managing director of the company. PFPL undertakes contracts in the construction segment with an experience of over two decades in the construction industry in Chennai, Tamil Nadu. The company undertakes construction of civil structures such as colleges, schools, factories, hotels and other commercial buildings. Most of the company's projects are within Chennai and the company executes orders only for private parties. The major clients include Velammal group of educational institutions, Rajalakshmi group of colleges, etc.

Key Financial Indicators

	FY2015
Operating Income (Rs. crore)	39.6
PAT (Rs. crore)	1.2
OPBDIT/ OI (%)	10.0%
RoCE (%)	20.1%
Total Debt/ TNW (times)	1.0
Total Debt/ OPBDIT (times)	2.5
Interest coverage (times)	2.1
NWC/ OI (%)	44.7%

OI: Operating Income; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortization; ROCE: PBIT/Avg (Total Debt + Tangible NetWorth + Deferred Tax Liability - Capital Work - in Progress); NWC: Net Working Capital

Rating History for last three years:

S.No	Name of Instrument	Current Rating (Year T)			Chronology of Rating History for the past 3 years	
		Type (long term/ Short term)	Rated amount (Rs. crore)	Month-year & Rating in FY2018	Month- year & Rating in FY2016	Month- year & Rating in FY2015
				September 2017	**March 2016**	**-**
1	Long-Term Fund based facilities	LT	5.50	[ICRA]BB- (stable) ISSUER NOT COOPERATING*	[ICRA]BB- (stable)	-

***** Issuer did not cooperate; based on best available information

Note on complexity levels of the rated instrument:
ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

***Annexure-1**
Details of Instrument

Name of the instrument	Date of issuance	Coupon rate	Maturity Date	Size of the issue (Rs. crore)	Current Rating and Outlook
Long-Term Fund based facilities	NA	NA	NA	5.50	[ICRA]BB- (stable) ISSUER NOT COOPERATING*

Source: Popular Foundations
***** Issuer did not cooperate; based on best available information

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit **www.icra.in**

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