



SMERA RATINGS LIMITED

## SBG Infracon Private Limited (SIPL)

Rating  
Rationale**November 20, 2015**

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	5.00	SMERA BB/Stable (Reaffirmed)
Bank Guarantee	10.00	SMERA A4+ (Reaffirmed)

SMERA has reaffirmed the long term rating of **'SMERA BB' (read as SMERA double B)** on the Rs.5.00 crore fund-based bank facility and short term rating of **'SMERA A4+' (read as SMERA A four plus)** on the Rs.10.00 crore non fund based bank facility of SBG Infracon Private Limited (SIPL). The outlook is **'Stable'**. The ratings draw support from the company's moderate financial risk profile and extensive experience of the promoters in the civil construction industry. However, the ratings are constrained by decline in the operating income and the tender based business in a competitive and fragmented segment of the civil construction industry.

**Update**

SIPL reported operating income of Rs.35.68 crore in FY2014-15 (refers to financial year, April 01 to March 31), as compared with Rs.60.58 crore in FY2013-14. The company's net profit margins improved to 3.44 per cent in FY2013-14 from 2.94 per cent in FY2012-13 due to decrease in raw material cost. The gearing level (debt-to-equity) marginally improved to 0.47 times as on March 31, 2015 from 0.86 times as on March 31, 2014 on account of decrease in bank limit utilisation. The leverage (total outside liabilities to tangible networth ratio) improved from 1.19 times as on March 31, 2014 to 0.61 times as on March 31, 2015.

**Outlook: Stable**

SMERA believes SIPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and net cash accruals. The outlook may be revised to 'Negative' in case of significant deterioration in the company's financial risk profile and liquidity position.

**Rating Sensitivity Factors**

- Management of working capital funds
- Scaling up of operations

**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.



SMERA RATINGS LIMITED

## SBG Infracon Private Limited (SIPL)

Rating  
Rationale

## About the Company

SIPL, incorporated in 2010 is a Delhi-based company that executes civil construction projects for government entities such as the Public Work Departments (PWD), Military Engineering Services (MES) and Airport Authority of India (AAI).

## Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 9820802479 Email: <a href="mailto:antony.jose@smera.in">antony.jose@smera.in</a> Web: <a href="http://www.smera.in">www.smera.in</a>	Parimal Thakker Associate Vice President – Corporate Ratings Tel: +91-011-4973 1312 Email: <a href="mailto:parimal.thakker@smera.in">parimal.thakker@smera.in</a>	Tel: +91-22-6714 1184 Email: <a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a>

**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.