

Press Release

SUMAJA ELECTROINFRA PRIVATE LIMITED

February 12, 2018

Rating Reaffirmed



Total Bank Facilities Rated*	Rs. 27.00 Cr.
Long Term Rating	SMERA BB- / Outlook: Stable
Short Term Rating	SMERA A4

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed long-term rating of '**SMERA BB-**' (read as **SMERA BB minus**) and short term rating of '**SMERA A4**' (read as **SMERA A four**) on the Rs. 27.00 crore bank facilities of SUMAJA ELECTROINFRA PRIVATE LIMITED. The outlook is '**Stable**'.

SEPL, incorporated in 2005, is a Delhi-based company promoted by Mr. Brijesh Kumar Pandey and Mr. Anil Chauhan. The company undertakes turnkey projects related to electrification and civil construction work for government entities and also trades in stationery items.

Key Rating Drivers

Strengths

- **Experienced Management**

The company is promoted by Mr. Brijesh Kumar Pandey and Mr. Anil Chauhan, who have around 10 years of experience in the construction industry. The promoters backed by their established presence in the industry have been able to generate long term relationship with customers as well as suppliers.

- **Moderate financial risk profile**

The financial risk profile of SEPL is moderate marked by low gearing of 0.07 times as on 31 March, 2017 as compared to 0.13 times as on 31 March, 2016. The networth stood at Rs.20.41 crore as on 31 March, 2017 as compared to Rs. 15.64 crore as on 31 March, 2016. The interest coverage ratio stood at 2.12 times for FY2017 as compared to 2.25 times for FY16. NCA/TD stood at 0.61 times for FY17. Further, SMERA believes the financial risk profile will remain moderate over medium term.

- **Healthy Order Book Position**

The company has a healthy order book position of ~Rs.277.21 crore, of which work for Rs.186.68 crores has been completed so far and the remaining, Rs.90.53 crores is yet to be completed. The order book majorly consists of electrical turnkey projects.

Weaknesses

- **Working capital intensive nature of operations**

The company has a working capital intensive nature marked by high Gross Current Days (GCA) of 258 for FY2017 as compared to 185 for FY2016. The inventory and debtor days stood at 36 and 113 respectively. Further, Creditor days are stretched to 240 for FY2017 as against 185 in the previous year.

- **Tender driven business and competitive and fragmented nature of industry**

The firm's performance is susceptible to the tender based nature of activities and intense competition among other players bidding for government contracts.

Analytical Approach

SMERA has considered standalone financial and business risk profile of the firm to arrive at the rating.

Outlook: Stable

SMERA believes SEPL will maintain a stable business risk profile in the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and net cash accruals while maintaining healthy debt protection metrics. Conversely, the outlook may be revised to 'Negative' in case the company registers lower-than-expected growth in revenues and profitability, or in case of deterioration in the company's financial risk profile.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	65.28	63.71	66.37
EBITDA	Rs. Cr.	1.10	0.61	0.50
PAT	Rs. Cr.	0.65	0.41	0.29
EBITDA Margin	(%)	1.69	0.96	0.76
PAT Margin	(%)	0.99	0.65	0.44
ROCE	(%)	9.88	9.27	21.40
Total Debt/Tangible Net Worth	Times	0.07	0.13	0.51
PBDIT/Interest	Times	2.12	2.25	2.52
Total Debt/PBDIT	Times	0.64	1.49	2.50
Gross Current Assets (Days)	Days	258	185	192

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.htm>
- Infrastructure Entities - <https://www.smera.in/criteria-infra.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
20-Jun-2016	Cash Credit	Long Term	INR 2	SMERA BB- / Stable
	Bank Guarantee	Short Term	INR 10	SMERA A4 / Stable
	Proposed Cash Credit	Long Term	INR 5	SMERA BB- / Stable
	Proposed Bank Guarantee	Short Term	INR 10	SMERA A4 / Stable
08-Jun-2015	Cash Credit	Long Term	INR 2	SMERA B+ / Stable
	Bank Guarantee	Short Term	INR 10	SMERA A4

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	6.00	SMERA BB- / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	18.00	SMERA A4
Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	3.00	SMERA A4

Contacts

Analytical	Rating Desk
Suman Chowdhury President - SMERA Bond Ratings Tel: +91-22-6714 1107 suman.chowdhury@smera.in Vishal Choudhary, Analyst - Rating Operations Tel: +91-22-6714 1159 vishal.choudhary@smera.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 varsha.bist@smera.in

ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, D&B and leading public and private sector banks in India. SMERA is registered with SEBI, accredited by RBI as an External Credit Assessment Institution (ECAI), under BASEL-II norms for undertaking Bank Loan Ratings. SMERA Bond Ratings is a division of SMERA Ratings Limited responsible for ratings of bank facilities, and capital market/money market debt instruments such as Bonds, Debentures, Commercial Papers, Fixed Deposits, Certificate of Deposits etc.. For more details, please visit www.smera.in.

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) for the latest information on any instrument rated by SMERA.