

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 Panday 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 |

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ABOUT SMERA

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