



SMERA RATINGS LIMITED

Shreeji Infraspaces Private Limited (Shreeji)

Rating Rationale

September 04, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	10.00	SMERA BB/Stable (Assigned)
Bank Guarantee*	19.00	SMERA A4+ (Assigned)

**Includes sublimit of Rs. 4.00 crore of Letter of Credit*

SMERA has assigned ratings of '**SMERA BB**' (read as **SMERA double B**) and '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs.29.00 crore bank facilities of Shreeji Infraspaces Private Limited (Shreeji). The outlook is '**Stable**'. The ratings draw support from the experienced management, moderate financial risk profile, healthy order book position and comfortable liquidity position of the company. However, the ratings are constrained by the limited track record of operations, high degree of customer and geographic concentration risk in an intensively competitive civil construction industry. The rating is also constrained by the company's low net worth and working capital-intensive operations.

Outlook: Stable

SMERA believes that the outlook on Shreeji's rated facilities will remain stable in the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case Shreeji achieves sustained revenue growth along with improvement in profitability and net worth while maintaining its liquidity profile. The outlook may be revised to 'Negative' in case of deterioration in Shreeji's liquidity position or capital structure.

Rating Sensitivity Factors

- Scaling operations while maintaining profitability on sustainable basis
- Improvement in its capital structure
- Effective working capital management

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*Rating
Rationale*

About the Company

Shreeji, incorporated in 2012, is an Ahmedabad-based company that undertakes civil construction contracts for construction of roads, canals and bridges in Madhya Pradesh. The company is promoted by Mr. Jigarbhai Patel and Mr. Amitbhai Patel who possess experience of over two decades in civil construction.

Shreeji reported profit after tax (PAT) of Rs.2.57 crore on operating income of Rs.90.43 for FY2014-15 as compared to PAT of Rs.2.51 crore on operating income of Rs.67.77 crore for FY2013-14. The net worth of the company stood at Rs.7.14 crore as on March 31, 2015, as compared with Rs. 4.57 crore as on March 31, 2014.

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