

October 30, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	17.00	SMERA BBB-/Stable (Assigned)
Cash Credit (Proposed)	8.00	SMERA BBB-/Stable (Assigned)
Bank Guarantee	20.00	SMERA A3 (Assigned)
Bank Guarantee (Proposed)	15.00	SMERA A3 (Assigned)

SMERA has assigned a long term rating of '**SMERA BBB-**' (**read as SMERA triple B minus**) and a short-term rating of '**SMERA A3**' (**read as SMERA A three**) to the above mentioned bank facilities of Kashyapi Infrastructure Private Limited (KIPL). The outlook is '**Stable**'. The ratings are supported by company's strong financial risk profile marked by moderate leverage (Total outside liabilities to Tangible networth ratio) of 1.57 as on March 31st 2015 and healthy ROCE (PBIT to total capital employed ratio) of 21.84 per cent in FY2014-15 (refer to 1st April to 31st March). The ratings are also supported by the company's experienced management with healthy order book position of around 200 crore as on July 31st 2015. However, the ratings are constrained by the company's high dependence on tender-based contracts in an intensely competitive segment of the civil construction industry. The ratings are also constrained by the susceptibility of the company's profit margins to volatility in raw material prices.

Outlook: Stable

SMERA believes KIPL 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. Conversely, 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

- Sustained improvement in the scale of operations while maintaining profitability margins

About the Company

KIPL, incorporated in 2008, is a Ghaziabad (Uttar Pradesh) based company and undertakes civil construction work for the government and the private sector.

For FY2014-15, KIPL reported profit after tax (PAT) of Rs.4.69 crore on net sales of Rs.124.72 crore as compared with PAT of Rs.3.57 crore on net sales of Rs.105.50 crore in FY2013-14. The company's net worth stood at Rs.24.53 crore as on March 31, 2015, as compared with Rs.21.28 crore a year earlier.

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