

February 26, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	4.50	SMERA B+/Stable (Assigned)
Bank Guarantee	1.00	SMERA A4 (Assigned)

SMERA has assigned a rating of '**SMERA B+** (read as SMERA B plus) to the Rs.4.50 crore fund-based bank facility and '**SMERA A4**' (read as SMERA A four) to the Rs.1.00 crore non fund-based bank facility of Vam Infrastructure Private Limited (VIPL). The outlook is '**Stable**'. The ratings are constrained by the limited operational track record, small scale of operations and high working capital intensity evident in the full utilisation of cash credit limit. However, the ratings are supported by the company's experienced management, improved revenues, reputed clientele and comfortable gearing.

Rating Sensitivity Factors

- Sustained improvement in revenues and profitability
- Improvement in coverage indicators
- Deterioration in capital structure
- Efficient working capital management

Outlook: Stable

SMERA believes VIPL will maintain a stable business profile over the medium term owing to its experienced management. The outlook may be revised to 'Positive' if the company registers more than expected growth in revenues while achieving improvement in profitability. Conversely, the outlook may be revised to 'Negative' in case of decline in profitability or deterioration in the working capital cycle. Additionally, high working capital requirements increasing pressure on margins and capital structure may also entail a 'Negative' outlook.

About the Company

VIPL, incorporated in 2012, is a Mumbai-based company promoted by Pritam Ramakant Ghagor and Radheya Kashinath Khanolkar. The company undertakes civil work and also interior designing for projects.

For 2014-15, VIPL reported net profit after tax (PAT) of Rs.0.31 crore on operating income of Rs.11.93 core as against PAT of Rs.0.22 crore on operating income of Rs.6.34 crore. VIPL's tangible net worth stood at Rs.4.30 crore as against Rs.3.69 crore in the previous year.

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