

Press Release

Vam Infrastructure Private Limited

June 01, 2017

Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 5.50 Cr.
Long Term Rating	SMERA B+ / Outlook: Stable
Short Term Rating	SMERA A4

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed long-term rating of '**SMERA B+**' (**read as SMERA B plus**) and short term rating of '**SMERA A4**' (**read as SMERA A four**) on the Rs. 5.50 crore bank facilities of Vam Infrastructure Private Limited. The outlook is '**Stable**'.

Vam Infrastructure Private Limited (VIPL), incorporated in 2012, is a Mumbai-based company promoted by Mr. Pritam Ramakant Ghagor and Mr. Radheya Kashinath Khanolkar. The company undertakes civil work related to interior designing.

Key Rating Drivers

Strengths

• Experienced management

The company was promoted by Mr. Radheya Khanolkar and Mr. Pritam Ghagor (Architects) who possess experience of over a decade in the said business.

• Reputed clientele

The company has catered to reputed clients including Mahindra Lifespace Developers, Tata Motors, GE Global.

• Improvement in revenues

VIPL registered improvement in revenues Y-O-Y, from Rs.11.93 crore in FY2015 to 19.13 crore in FY2016. Further, the company booked revenue of Rs. 26.32 crore in FY2016-17.

• Comfortable gearing and coverage indicators

VIPL's gearing (debt to equity) stood at 1.08 times in FY2016. The total debt mainly includes working capital borrowings of Rs. 4.49 crore and unsecured loans from promoters of Rs. 0.70 crore. The tangible net worth stood at Rs.4.79 crore in FY2016, which includes subordinated unsecured loans from promoters of Rs. 2.61 crore. VIPL does not have any long term debt as on date. The interest coverage ratio stood at 2.16 times in FY2016. The ROCE stood at 13.90 percent in FY2016 as against 11.91 per cent in FY2015.

Weaknesses

• Modest scale of operations

VIPL has modest scale of operations with revenue of Rs. 19.13 crore in FY2016 as against Rs. 11.93 crore in FY2015. Further, the company has booked revenue of Rs. 26.32 crore for FY2016-17.

• Working capital intensive operations

VIPL's operations are working capital intensive and reflect in the elongated working capital cycle of 139 days due to high debtors of 129 days in FY2016. In FY2016, the working capital cycle

deteriorated from 120 days to 139 days due to increase in inventory holding (WIP) of 125 days. The creditor days stood at 115 days in FY2016.

Analytical Approach

SMERA has considered the standalone financial and business risk profiles of VIPL to arrive at the rating.

Outlook: Stable

SMERA believes that VIPL will maintain a Stable outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' in case of more than expected growth in revenue while achieving improvement in profitability. Conversely, the outlook may be revised to 'Negative' in case of decline in profitability, deterioration in the working capital cycle or higher working capital requirements undertaken by the company.

About the Rated Entity - Key Financials

For FY2015-16, the company reported profit after tax (PAT) of Rs 0.49 crore on operating income of Rs19.13 crore as compared with PAT of Rs.0.31 crore on operating income of Rs.11.93 crore in FY2014-15.

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>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Entities In Services Sector - <https://www.smera.in/criteria-services.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
26-Feb-2016	Cash Credit	Long Term	INR 4.5	SMERA B+ / Stable
	Bank Guarantee	Short Term	INR 1	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	4.50	SMERA B+ / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA A4

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