

April 28, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	3.50	SMERA B+/Stable (Assigned)
Bank Guarantee	3.00	SMERA A4 (Assigned)

SMERA has assigned long term rating of '**SMERA B+**' (read as **SMERA B plus**) and short term rating of '**SMERA A4**' (read as **SMERA A four**) to the Rs.6.50 crore bank facilities of LR Infrastructure Private Limited (LR Infrastructure). The outlook is '**Stable**'. The ratings are constrained by the modest scale of operations, declining profitability and the highly competitive and fragmented industry. The ratings are also constrained by the modest net worth and interest coverage ratio. However, the ratings are supported by the experienced management and reputed clientele.

Rating Sensitivity Factors

- Scaling up operations and profitability
- Improvement in the financial risk profile

Outlook – Stable

SMERA believes LR Infrastructure 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 high working capital requirements increasing pressure on margins or if the company undertakes larger than expected debt funded capex.

About the Company

LR Infrastructure, a Chennai based company, incorporated in 2007 offers interior designing and civil construction services. It also undertakes turnkey projects which includes design and execution of civil, interiors and furnishings, electrical, air conditioning, LAN networking, etc. The day-to-day operations are managed by Mrs R. Nachammai and Mr. L. Raveendran.

For FY2014-15, the company reported profit after tax (PAT) of Rs.0.18 crore on operating income of Rs.17.04 crore, as compared with profit after tax (PAT) of Rs.0.35 crore on operating income of Rs.14.07 crore in FY2013-14.

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