



May 09, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	3.00	SMERA B-/Stable (Assigned)
Bank Guarantee	5.00	SMERA A4 (Assigned)

SMERA has assigned long-term rating of '**SMERA B-**' (read as **SMERA B minus**) and short term rating of '**SMERA A4**' (read as **SMERA A four**) to the abovementioned Rs. 8.00 crore bank facilities of Vipin Shah & Associates (VSA). The outlook is '**Stable**'. The ratings are constrained by the small scale of operations, weak financial risk profile and working capital intensive business. However, ratings draw comfort from the long track record of operations and experienced management.

Outlook: Stable

SMERA believes that VSA will benefit from its promoters' extensive experience. The outlook may be revised to 'Positive' if the firm registers growth in revenue, improvement in profitability and effectively manages its working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of decline in profitability or further deterioration in the firm's financial risk profile.

Rating Sensitivity Factors

- Scaling up operations while maintaining profitability
- Effective working capital management
- Improvement in coverage indicators
- Deterioration in capital structure

About the Firm

The Mumbai-based VSA, was established in 1996 by Mr. Vipin Shah, Proprietor. The firm undertakes execution of turnkey projects related to interior designing.

For FY2014-15, VSA reported net profit of Rs.0.10 crore on operating income of Rs.2.92 crore, as compared with net profit of Rs.0.13 crore on operating income of Rs.4.48 crore in FY2013-14. The net worth stood at Rs.2.98 crore as on March 31, 2015, as compared with Rs.2.86 crore a year earlier.

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SMERA RATINGS LIMITED

Vipin Shah & Associates (VSA)

*Rating
Rationale*

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