

## Press Release

April 05, 2017

### Viral Buildcon Private Limited

#### Rating Assigned

<b>Total Bank Facilities Rated *</b>	Rs.9.00 Cr
<b>Short Term Rating</b>	SMERA A4

# Refer Annexure for details

#### Rating Rationale

SMERA has assigned short term rating of '**SMERA A4**' (read as **SMERA A four**) on the Rs. 9.00 crore bank facilities of Viral Buildcon Private Limited.

Incorporated in 2012, Viral Buildcon Private Limited (VBPL) is engaged in civil and structural construction work including construction of buildings, sheds, underground tank, drains and roads. The company was promoted by Mr. Vijay Kamani and is registered as class 'AA' civil contractor with the Gujarat government.

#### Key Rating Drivers

##### Strengths

- **Experienced management and long track record of operations**

The Director, Mr. Vijay Kamani possesses experience of nearly five decades in the aforementioned industry. Mr. Vijay Kania started the business in 1979 as M/s Viral Buildcon, a partnership firm which was converted into Viral Buildcon Private Limited in 2012.

- **Established relationships with customers**

VBPL has over the decades established a good reputation in winning contracts for construction of buildings, sheds, underground tank, drains and roads from Reliance Industries Limited, Larsen & Turbo Limited, Gujarat Narmada Valley Fertilizers Company Limit and Surat Municipal corporation. The company is a preferred contractor of Reliance Industries Limited since 1995.

- **Healthy orders in hand**

The company has healthy order book position of Rs 21.12 cr from Reliance Retail Limited, Reliance Eminent Trading & Commercial Private Limited, Reliance Corporate IT park Limited.

##### Weaknesses

- **Highly competitive and fragmented industry**

VBPL operates in the highly competitive civil construction industry with competition from other organised and unorganised players.

- **Modest scale of operations**

The company has modest scale of operations with revenue of Rs 12.36 cr in FY2016 down from Rs.30.70 cr in FY2015.

### • Low operating margins and PAT level losses

VBPL has low operating margins due to asset light business model wherein the entire project is subcontracted. VBPL does not maintain any inventory neither owns construction equipments. In addition, during FY2016, the operating margins declined to 0.63 per cent from 0.84 per cent in FY2015 on account of rise in administrative expenses. During FY2016, the company incurred PAT level losses of Rs 0.08 cr on account of rise in interest cost.

### Analytical Approach

For arriving at the rating, SMERA has considered the standalone business and financial risk profiles of VBPL.

### About the Rated Entity - Key Financials

For FY2016, VBPL reported Profit after Tax (PAT) of Rs. (0.08) cr on total operating income of Rs.12.36 cr as compared with PAT of Rs. 0.11 cr on total operating income of Rs.30.70 cr in FY2015.

### 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>
- Infrastructure Entities - <https://www.smera.in/criteria-infra.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

### Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

### Rating History (Upto last three years)

Not Applicable

### \*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	9.00	SMERA A4

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**ABOUT SMERA**

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