

VIJ Engineers & Consultants Private Limited: Assigned

Name of the Instruments	Amount (Rs. Crore)	Ratings/Outlook
Cash Credit	6.00	SMERA B+/Stable (Assigned)
Letter of Credit	0.50	SMERA A4 (Assigned)
Bank Guarantee	3.50	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)** on the Rs.10.00 crore bank facilities of VIJ Engineers & Consultants Private Limited (VECPL). The outlook is **'Stable'**. The ratings are constrained by the small scale of operations and intense market competition. The ratings also factor in the working capital intensive operations and susceptibility of profit margins to volatility in raw materials prices. However, the ratings draw support from the extensive industry experience of the promoters and established relations with customers and suppliers.

The company has small scale of operations. It registered operating income of Rs.20.93 crore in FY2014-15. Also, the operations are working capital intensive with working capital days of 201 in FY2014-15 mainly due to high inventory holding of 151 days.

The Delhi-based VECPL was incorporated in 2001 by Mr. Bimal Kumar Vij who has around two decades of industry experience. The company is engaged in the fabrication and erection of steel products such as telecom towers, railways, industrial/commercials sheds among others.

Outlook- Stable

SMERA believes that the company would continue to benefit over the medium term from the promoter's extensive industry experience. The outlook may be revised to 'Positive' in case the company reports substantial and sustainable revenues while maintaining profitability. Conversely, the outlook may be revised to 'Negative' if the working capital cycle elongates further resulting in weakening of its existing financial risk profile especially liquidity or if it undertakes significant debt-funded capital expenditure over the medium term.

Rating Sensitivity Factors

- Substantial and sustainable growth in revenues or margins
- Efficient working capital management

Criteria applied to arrive at the rating:

- Manufacturing Entities

About the Company

VECPL, established in 2001, is a New-Delhi-based company promoted by Mr. Bimal Kumar Vij and family. The company is engaged in the fabrication and erection of steel products such as telecom towers, railways, industrial/commercials sheds among others.

For FY2014-15, the company reported net profit of Rs.0.35 crore on operating income of Rs.20.93 crore, as compared with net profit of Rs.1.77 crore on operating income of Rs.21.80 crore in FY2013-14. The net worth stood at Rs.35.14 crore as on 31 March, 2015, as compared with Rs.34.79 crore a year earlier.

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ABOUT SMERA

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