

### Shripati Infrastructures Private Limited: Assigned

Name of the Instruments	Amount (Rs. Crore)	Ratings/Outlook
Cash Credit	4.00	SMERA B/Stable (Assigned)
Bank Guarantee	6.00	SMERA A4 (Assigned)

SMERA has assigned rating of '**SMERA B**' (**read as SMERA B**) to the Rs.4.00 crore long term (fund based) and '**SMERA A4**' (**read as SMERA A Four**) to the Rs.6.00 crore short term (non-fund based) bank facility of Shripati Infrastructures Private Limited (SIPL). The outlook is '**Stable**'. The ratings are constrained by the company's small scale of operations and negative net worth. The ratings also factor in the high dependence on tender-based contracts and intense competition in the infrastructure industry. However, the ratings are supported by the experienced management and healthy relations with customers.

SIPL undertakes contracts issued by government organisations for infrastructure development across India. The scale of operations are small evident from the operating income of Rs.14.67 crore in FY2014-15 against Rs.12.72 crore in FY2013-14 (refer to financial year, April 1 to March 31) due to competition from other players operating in EPC industry.

SIPL is highly dependent on tender-based contracts procured through competitive bidding process. The company has a weak financial risk profile evident from the negative net worth of Rs.2.81crore in FY2014-15 against Rs.-3.42 crore during the previous year.

However, the company benefits from its experienced management. Mr. Rajesh Shripati Yadav and Mr. Drigesh Shripati Yadav, Directors, have around two decades of experience in infrastructure development industry. SIPL has healthy relations with customers and suppliers.

#### Outlook- Stable

SMERA believes SIPL will maintain a stable outlook over the medium term and continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case of significant and sustained improvement in operating income while maintaining profitability margins or improvement in net worth level. Conversely, the outlook may be revised to 'Negative' in case of further deterioration in the revenue profile, lengthening of working capital cycle or debt funded capital expansion.

#### Rating Sensitivity Factors

- Substantial and sustainable improvement in revenue and profitability profile
- Debt funded capex
- Capital structure

#### About the Company

The Maharashtra-based SIPL was incorporated in 2006 by Mr. Yadav and family to undertake civil construction contracts floated by government organisations.

For FY2014-15, the company reported profit after tax (PAT) of Rs.0.61 crore on operating income of Rs.14.67 crore, as compared with profit after tax (PAT) of Rs.0.55 crore on operating income of Rs.12.72 crore in FY2013-14. As per the 12 month financials for 2015-16, the company booked revenue of Rs.8.55 crore (Provisional). The net worth stood at Rs.-2.81 crore in FY2014-15 against Rs.-3.42 crore a year earlier.

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