

Prime Civil Infrastructures Private Limited: Assigned

Facilities	Amount (Rs Crore)	Ratings/Outlook
Cash Credit	10.00	SMERA BB /Stable (Assigned)
Bank Guarantee	15.00	SMERA A4+ (Assigned)

SMERA has assigned ratings of '**SMERA BB**' (read as **SMERA double B**) and '**SMERA A4+**' (read as **SMERA A four plus**) on the above mentioned bank facilities of Prime Civil Infrastructures Private Limited (PCIPL). The outlook is '**Stable**'. The ratings draw comfort from the experienced management, long track record of operations, moderate financial risk profile and healthy order book position. However, the ratings are constrained by the moderate scale of operations, working capital intensive business, intense market competition and high dependence on government orders.

PCIPL was established in 1989 by Mr. Narendra Chunilal Panani, Mrs. Smita Narendra Panani and Mr. Ronak Narendra Panani. The promoters possess experience of over two decades in civil construction and the real estate business. The financial risk profile of the company has been moderate marked by gearing of 0.91 times as on 31 March, 2015. The coverage indicators have improved from 2.44 times in FY2014-15 to 2.34 times in FY2015-16. PCIPL has net worth of Rs.20.58 crore as on March 31, 2015. The company has healthy order book position with unexecuted orders in hand of approximately Rs.284.68 crore as on 31st March 2016.

However, PCIPL operates on a moderate scale. The operating income stood at Rs.69.13 crore in FY2015 as compared to Rs.59.51 crore in FY2014. The company registered revenue of Rs.61.75 crore in FY2016 (Provisional). PCIPL is exposed to intense market competition and risks related to the tender based business. The company caters largely to government departments exposing itself to customer concentration risk. Besides, the bank limit utilisation has been around 88 per cent for six months ended March 2016.

Rating Sensitivity Factors

- Scaling up operations while maintaining profitability
- Efficient working capital management
- Timely completion of project

Outlook-Stable

SMERA believes PCIPL will maintain a stable outlook over the medium term owing to its experienced management, healthy order book position and moderate financial risk profile. The outlook may be revised to 'Positive' if the company registers more than expected growth in revenues while achieving improvement in profitability with successful sourcing and execution of projects. Conversely the outlook may be revised to 'Negative' in case of delays in project execution leading to low profitability.

About the Company

PCIPL (the erstwhile Prime Engineers) was established as a proprietorship firm in 1989 and reconstituted as a private limited company in 2009. The company is headed by Mr. Narendra Chunilal Panani, Mrs. Smita Narendra Panani and Mr. Ronak Narendra Panani. The Mumbai based company is engaged in the civil construction business and is a registered 'Class AA' contractor with the Municipal Corporation of Greater Mumbai. It caters to Mumbai Metropolitan Region Development Authority, Maharashtra Housing and Area Development Authority, Maharashtra Industrial Development Corporation, and Public Works Department, Maharashtra. Additionally, it has started executing projects in Rajasthan too.

For FY2014-15, PCIPL reported net profit of Rs.2.42crore on operating income of Rs.69.13 crore, as compared with profit after tax (PAT) of Rs.1.88 crore on operating income of Rs.59.51 crore in FY2013-14.

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ABOUT SMERA

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