

### Shree Govindam Projects & Marketing: Assigned

Facilities	Amount (Rs Crore)	Ratings/Outlook
Cash Credit	1.00	SMERA B+/Stable (Assigned)
Proposed (Cash Credit)	3.50	SMERA B+/Stable (Assigned)
Proposed (Bank Guarantee)	3.00	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)** to the abovementioned bank facilities of Shree Govindam Projects & Marketing (SGPM). The outlook is **'Stable'**. The ratings draw support from the experienced management and moderate order book position. The ratings also factor in the comfortable financial risk profile marked by moderate profitability and coverage ratio. However, the ratings are constrained by the working capital intensive business and exposure to intense competition in the EPC (Engineering, Procurement, Construction) industry.

SGPM, established in 2006 is a Rajasthan-based proprietorship firm promoted by Mr. Sachin Goyal. The firm undertakes infrastructure projects apart from trading in electrical goods. The firm benefits from its experienced management. Mr. Sachin Goyal, (proprietor) possesses around a decades experience in the firm's line of business.

The moderate financial risk profile is reflected in the small scale of operations and revenue of Rs.14.65 crore with PAT of Rs.0.17 crore (Provisional) in FY2015-16. The operating margin has declined and stands low at 2.04 per cent (Provisional) in FY2015-16 as compared to 2.32 per cent a year earlier. The PAT margin of the firm has improved and stands low at 1.14 per cent (Provisional) in FY2015-16 as compared to 0.73 per cent in the previous year. The firm reported healthy gearing of 0.55 times and moderate current ratio of 1.86 times (Provisional) in FY2015-16 as against gearing of 1.46 times and current ratio of 1.37 times a year earlier. However, SGPM faces intense market competition in the unorganised segment of the EPC industry and is also constrained by its small scale of operations. The firm has stretched working capital cycle evident from the high cash credit utilisation of 93.53 per cent for the period August 2015 to May 2016.

#### Outlook- Stable

SMERA believes SGPM will maintain a stable outlook in the medium term owing to its established operations and extensive experience of the promoters. The outlook may be revised to 'Positive' if the firm registers significant improvement in operations and profitability and successfully completes its orders on time. Conversely, the outlook may be revised to 'Negative' in case of significant deterioration in revenue, profitability and capital structure.

#### Rating Sensitivity Factors

- Scaling up operations while maintaining margins
- Management of working capital funds

#### About the Firm

SGPM, established in 2006, is a Rajasthan-based proprietorship firm promoted by Mr. Sachin Goyal. The firm undertakes infrastructure projects apart from trading in electrical goods.

For FY2015-16 the firm reported profit after tax (PAT) of Rs.0.17 crore (provisional), on operating income of Rs.14.65 crore. The net worth of the firm stood at Rs.1.86 crore (Provisional) as on March 31, 2016.

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