

### Strong Plant Infrastructure Private Limited: Assigned

Facility	Amount (Rs. Crore)	Rating/Outlook
Term Loan	7.40	SMERA B/Stable (Assigned)

SMERA has assigned rating of '**SMERA B**' (read as **SMERA B**) on the Rs.7.40 crore long-term (fund-based) bank facility of Strong Plant Infrastructure Private Limited (SPIPL). The outlook is '**Stable**'. The rating is constrained by the modest scale of operations, high receivables and tender driven nature of business. However, the rating draws support from the experienced management and reputed clientele.

SPIPL, incorporated in 2010, undertakes infrastructure development work for government and private players. The company has modest scale of operations evident from its operating income of Rs.9.25 crore in FY2014-15 as against Rs.13.12 crore in FY2013-14. As per the 12 months provisional figures for FY2015-16, the company reported operating income of Rs.16.54 crore.

SPIPL's operations are capital intensive evident from the receivables of 307 days (provisional) in FY2015-16 compared to 404 days in FY2014-15. The rating also notes the high dependence on tenders floated by reputed organisations such as Indian Oil Corporation Limited (IOCL), Delhi Metro Rail Corporation (DMRC) to name a few. The rating also takes into account the intense competition in the infrastructure development industry.

However, SPIPL benefits from its experienced management. Mr. Harin Anjaria, Director has more than 25 years of experience in infrastructure development. The company has healthy relations with government organisations.

#### Outlook: Stable

SMERA believes that the outlook of SPIPL will remain stable over the medium term owing to its experienced management and healthy relations with customers and suppliers. The outlook may be revised to 'Positive', if the company expands its scale of operations while registering better profit margins achieving efficient working capital management. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the capital structure, lengthening of working capital cycle or if the company takes on any large debt funded capital expansion.

#### Rating Sensitivity Factors

- Sustainable improvement in revenue and profitability profile
- Efficient working capital management

#### About the Company

SPIPL, established in 2010, is a Mumbai-based civil construction company that undertakes piling work i.e. laying foundation for telecom towers, metro pillars, buildings among others.

The company reported net loss of Rs.0.23 crore on operating income of Rs.9.25 crore for FY2014-15, as compared with profit after tax (PAT) of Rs.0.63 crore on operating income of Rs.13.12 crore in the previous year. As per provisional financials for FY2015-16, the company reported profit after tax (PAT) of Rs.1.67 crore on operating income of Rs.16.54 crore. The net worth stood at Rs.3.39 crore (provisional) in FY2015-16 (refer to financial year, April 01 to March 31) as against Rs.1.99 crore a year earlier.

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