

Sufalam Infra Projects Limited: Assigned

Facility	Amount (Rs Crore)	Ratings/Outlook
Cash Credit	10.00	SMERA B+/Stable (Assigned)

SMERA has assigned long term rating of '**SMERA B+**' (**read as SMERA B plus**) to the above mentioned bank facility of Sufalam Infra Projects Limited (SIPL). The outlook is '**Stable**'. The rating is supported by the company's experienced management, comfortable profitability and healthy order book position. However, the rating is constrained by the moderate scale of business, working capital intensive operations and high customer concentration risk.

SIPL, a Nagpur-based company was incorporated in 2011. Promoted by Mr. Rajesh Agarwal and Sanjay Agarwal, the company primarily provides integrated design, engineering, procurement, construction and project management services. The promoters have around a decades experience in the real estate and civil construction industry.

The company has comfortable operating profit margins of 9.38 per cent, 9.73 per cent and 11.86 per cent in FY2016 (Provisional), FY2015 and FY2014 respectively.

However, the rating factors in the moderate scale of operations with operating income of Rs.74.83 crore as on March 31, 2016 (Provisional) as against Rs.69.07 crore as on March 31, 2015. SIPL's operations are working capital intensive reflected in the gross current assets (GCA) of 121 days in FY2016 (Provisional) and 132 days in FY2015. The moderate GCA emanates from the high debtor days of 100 days for FY2016 (Provisional). The rating is also constrained by customer concentration risk with SIPL earning 100 per cent revenue from a single customer i.e. Radha Madhav Developers (Group Company).

Rating Sensitivity Factors

- Improvement in scale of operations, profit margins
- Changes in the financial risk profile
- Efficient working capital management

Outlook-Stable

SMERA believes that SIPL will maintain a stable outlook and benefit from its experienced management in the medium term. The outlook may be revised to 'Positive' if the company registers improvement in scale of operations while sustaining healthy profit margins. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile.

About the Company

The Nagpur-based SIPL, incorporated in 2011 was promoted by Mr. Rajesh Agarwal and Sanjay Agarwal. The company provides integrated design, engineering, procurement, construction and project management services.

For FY2014–15, the company reported profit after tax (PAT) of Rs.3.74 crore on operating income of Rs.69.07 crore, as compared with net profit of Rs.2.55 crore on operating income of Rs.34.77 crore in FY2013–14. The net worth stood at Rs.11.91 crore as on March 31, 2015 as compared with Rs.8.17 crore, a year earlier.

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ABOUT SMERA

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