

Sigma-C Infrastructure Private Limited: Assigned

Facilities	Amount (Rs. Crore)	Ratings/Outlook
Cash Credit	8.00	SMERA B-/Stable(Assigned)
Bank Guarantee	19.30	SMERA A4(Assigned)

SMERA has assigned the long term rating of '**SMERA B-**' (**read as SMERA B minus**) and '**SMERA A4**' (**read as SMERA A four**) on the Rs.27.30 crore bank facilities of Sigma-C Infrastructure Private Limited (SCIPL). The outlook is '**Stable**'.

The ratings are constrained by the weak financial risk profile, modest scale of operations and working capital intensive business. The rating also factors in the stretched liquidity position of the company. However, the ratings draw support from the experienced management and long track record of operations.

The weak financial risk profile is marked by high gearing, low interest coverage ratio, NCA/TD and weak debt protection metrics. The Debt equity stood at aggressive levels of 3.92 times in FY2016 compared to 2.12 times in FY2015 and the net losses in FY2016 have resulted in a deteriorating financial risk profile. The interest coverage ratio is at (0.12) times while, NCA/TD is at (0.09) times in FY2016.

SIPL was established in 1993. The company's revenue of Rs.50.99 crore in FY2014 improved to Rs 69.52 crore in FY2015. Revenues fell by 34 per cent in FY2016 to Rs.38.93 crore due to delay in projects.

The stretched liquidity is marked by full utilisation of cash credit facility and invocation of the bank guarantee facility towards the end of FY2015.

The promoter of the company, Mr A.K Bhasin has more than two decades of experience in the power industry. SIPL was established as a sole proprietorship firm - Sigma Construction, in 1993 and later reconstituted as a private limited company in September 2012.

Rating Sensitivity Factors

- Improvement in profit margins
- Improvement in scale of operations
- Extent of debt funding capex mix

Outlook-Stable

SMERA believes that SIPL will maintain a stable outlook owing to its experienced management and long track record of operations. The outlook may be revised to Positive if the company increases its scale of operations and profitability while improving the capital structure. However, the outlook may be revised to Negative if SIPL fails to scale up operations, profitability or if the financial risk further deteriorates.

About the Company

The Kolkata-based SIPL, established as a sole proprietorship firm, Sigma Construction in 1993 by Mr A K Bhasin (Chairman) was converted into a private company in 2012. The company undertakes turnkey contracts for the power sector apart from civil work. The company is also engaged in the laying of underground cables, jointing works, installation of third rail and traction substations for Metro Railways.

For FY2015-16, the company reported net loss of Rs.3.74 crore on total operating income of Rs.38.93 crore as compared to PAT of Rs.1.55 crore on total operating income of Rs.69.52 crore in FY2014-15.

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ABOUT SMERA

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