

Press Release

31 January 2018



**Sigma-C Infrastructure Private Limited
(SCIPL)**

Rating Downgraded

Total Bank Facilities Rated*	Rs. 27.30 Cr.
Long Term Rating	SMERA C (Downgraded)
Short Term Rating	SMERA A4

*Refer annexure for details

SMERA has downgraded the long term rating to '**SMERA C** (read as SMERA C) and short term rating to '**SMERA A4** (read as SMERA A Four) on the Rs.27.30 crore bank facilities of Sigma C Infrastructure Private Ltd (SCIPL).

The Kolkata-based SCIPL was established as a proprietorship firm in 1993 by Mr A K Bhasin (Chairman) and reconstituted as a private limited company in September 2012. The company is engaged in the execution of turnkey contracts for the power industry. It undertakes supply, erection, testing, and installation of equipments, auxiliaries, motors for generating stations and switch yards apart from civil work. SCIPL is also engaged in the underground laying of cables and jointing works, installation of third rail and traction substations for Metro Railways. Additionally, it has also diversified into water distribution and drainage projects in Assam.

Key rating drivers

Strengths

- **Experienced management and long track record of operations**

SCIPL was established as a sole proprietorship firm in 1993. The promoter, Mr A.K Bhasin has more than two decades of experience in the power industry.

- **Established client base**

Over the years, SCIPL has established long term relations with its reputed clientele including BHEL, Tata Motors Limited and IVRCL Infrastructures & Projects Ltd (IVRCL). The company also caters to the government.

Weaknesses

- **Working capital intensive operations**

The operations are working capital intensive marked by high average working capital days in the range of 120-180 days over the last three years. The Gross Current Assets days were in the range of 314 days in FY2017 due to stretched receivables. The debtors days stood at 156 and the inventory days at 40 in FY2017.

- **Small scale of operations**

Despite the long track record of operations, the revenue has remained moderately stagnant at

Rs.38.93 crore in FY2016 and Rs.42.99 crore in FY2017. The company registered revenue of around Rs.30 crore in April- December 2017 as confirmed by the management.

• Weak financial risk profile

The weak financial risk profile is marked by high gearing, low interest coverage ratio, NCA /TD and weak debt protection measures. The gearing stood at 3.10 times in FY2017 as against 3.92 times during FY2016. The Interest Coverage Ratio stood low at 0.83 times in FY2017. Moreover, NCA/TD is also negative at (0.02) times in FY2017.

Analytical approach:

SMERA has considered the standalone business and financial risk profile of SCIPL.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	42.99	38.93	69.52
EBITDA	Rs. Cr.	1.96	(0.72)	6.22
PAT	Rs. Cr.	(0.97)	(3.74)	1.55
EBITDA Margin	(%)	4.55	-1.84	8.94
PAT Margin	(%)	-2.25	-9.61	2.23
ROCE	(%)	4.66	-2.26	17.08
Total Debt/Tangible Net Worth	Times	3.10	3.92	2.12
PBDIT/Interest	Times	0.83	(0.12)	1.77
Total Debt/PBDIT	Times	12.39	-47.98	4.26
Gross Current Assets (Days)	Days	314	426	268

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Infrastructure entities: <https://www.smera.in/criteria-infrastructure.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument:

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
1 Nov, 2016	Cash Credit	Long Term	8.00	SMERA B-/ Stable (Assigned)
	Bank Guarantee	Long Term	19.30	SMERA A4 (Assigned)

Annexure - Details of instruments rated

Name of the facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	7.50	SMERA C
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	19.00	SMERA A4
Proposed Long Term	Not Applicable	Not Applicable	Not Applicable	0.80	SMERA C

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