

Shree Vinayak Infratech Private Limited: Assigned

Facilities	Amount (Rs. Crore)	Ratings/Outlook
Cash Credit	3.00	SMERA B+/Stable(Assigned)
Bank Guarantee	5.00	SMERA A4(Assigned)

SMERA has assigned long term rating of '**SMERA B+**' (**read as SMERA B plus**) on the Rs. 3.00 crore bank facility and short term rating of '**SMERA A4**' (**read as SMERA A four**) on the Rs.5.00 crore bank facility of Shree Vinayak Infratech Private Limited (SVIPL). The outlook is '**Stable**'.

The ratings are constrained by the modest scale of operations and decline in profitability margins. The ratings also factor in the moderate financial risk profile and susceptibility of margins to volatility in raw material prices. However, the ratings draw support from the experience of the management in civil construction and expertise in executing railway infrastructure projects.

SVIPL undertakes civil construction projects for Indian Railways. The company's revenues increased to Rs.18.33 crore in FY2016 against Rs.6.66 crore in FY2015 due to higher execution of orders. While the company has a track record of almost a decade, the revenues are modest. Moreover, the PAT margin fell to 2.88 percent in FY2016 from 9.36 percent in FY2015. The profitability margins declined in FY2016 due to additional royalty expenses charged by the government for more procurement of earthwork material. The moderate financial risk profile is marked by gearing of 1.12 times, interest coverage of 3.91 times and networth of Rs 4.29 crore as on March 31, 2016. The ratings also factor in the volatility in the prices of key raw material such as cement, steel to name a few that have an impact on the margins of the company.

SVIPL, established in 2008, benefits from the company's experienced management. The Directors, Mr. Fateh Chand Chindalia and others, possess almost a decades experience in the construction business. The company has expertise in executing railway infrastructure projects as a sub-contractor and in joint ventures. SVIPL bids for infrastructure projects of South Western railways.

Rating Sensitivity Factors

- Significant improvement in revenue while maintaining profitability
- Timely execution and receipt of contract proceeds

Outlook – Stable

SMERA believes that SVIPL will maintain a stable outlook in the medium term owing to its promoters' extensive experience and established relations with RSR Infra Works Private Limited. The outlook may be revised to 'Positive' if the company registers more than expected revenues while improving profitability and net cash accruals. However, the outlook may be revised to 'Negative' if the company fails to achieve the expected revenues, profitability or if the capital structure further deteriorates.

About the Company

SVIPL established in 2008 by Mr. Fateh Chand Chindalia and others undertakes civil construction projects for Indian Railways (South Western Railway). The company executes composite infrastructure projects such as earthwork, blanketing, major bridges, minor bridges and others.

For FY2016, SVIPL reported profit after tax (PAT) of Rs 0.53 crore on operating income of Rs.18.33 crore as compared with PAT of Rs.0.62 crore on operating income of Rs.6.66 crore in the previous year.

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ABOUT SMERA

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