

Press Release

SHREE VINAYAK INFRATECH PRIVATE LIMITED

12 January, 2018

Rating Upgraded



Total Bank Facilities Rated*	Rs. 15.00 Cr. (Enhanced from Rs.8.00 crore)
Long Term Rating	SMERA BB- / Outlook: Stable
Short Term Rating	SMERA A4+

* Refer Annexure for details

Rating Rationale

SMERA has upgraded the long-term rating of '**SMERA BB-**' (read as **SMERA double B minus**) and short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs. 12.00 crore bank facilities and assigned long term rating of '**SMERA BB-**' (read as **SMERA double B minus**) on the Rs. 3.00 crore proposed bank facilities of Shree Vinayak Infratech Private Limited (SVIPL). The outlook is '**Stable**'.

SVIPL established in 2008 by Mr. Fateh Chand Chindalia, undertakes civil construction projects for Indian Railways (mainly South Western Railway). The company executes composite infrastructure projects jointly with the RSR group, and provides technical expertise to SVIPL. SVIPL undertakes civil construction work such as earthwork, blanketing, major bridges, minor bridges and others

Key Rating Drivers

Strengths

• Average financial risk profile

The average financial risk profile of the company is marked by low net worth, moderate gearing and healthy debt protection metrics. The net worth of the company stood moderate at Rs.4.78 crore in FY2017, an increase from Rs.4.29 crore in FY2016, mainly on account of retention of current year profit. The gearing stood moderate at 1.87 times in FY2017 as it increased from 1.12 times in FY2016. This is mainly on account of increase in long term loan taken from financial institutions for purchase of new equipment. The Interest Coverage Ratio (ICR) stood comfortable at 2.69 times in FY2017 while the Debt Service Coverage Ratio (DSCR) stood moderate at 0.96 times. The net cash accruals against the total debt (NCA/TD) registered a moderate 0.16 times in FY2017.

• Efficient working capital management

The working capital management is efficient marked by comfortable Gross Current Asset (GCA) days of 35 in FY2017 against 60 days in FY2016. The inventory days and debtor days stood comfortable at 30 days and 1 day respectively in FY2017 compared to 34 days and 3 days in FY2016 respectively.

Weaknesses

• Moderate scale of operations

SVIPL's moderate scale of operations is marked by revenue of Rs. 22.54 crore in FY2017 as against Rs. 18.33 crore in FY2016. The company reported revenue of around Rs. 30 crore during the period April to November 2017 (Provisional).

Highly competitive and fragmented industry: SVIPL operates in the highly competitive construction industry.

Analytical Approach

SMERA has taken a standalone view of the business and financial risk profiles of the entity.

Outlook: Stable

SMERA believes that SVIPL will maintain a stable outlook in the medium term backed by its financial risk profile and efficient working capital management. The outlook may be revised to 'Positive' if the company registers more than expected revenues while improving financial risk profile and net cash accruals. However, the outlook may be revised to 'Negative' if the company fails to achieve the expected revenues or profitability or if the capital structure further deteriorates.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	22.54	18.33	6.66
EBITDA	Rs. Cr.	2.48	1.87	1.15
PAT	Rs. Cr.	0.49	0.53	0.62
EBITDA Margin	(%)	11.02	10.19	17.23
PAT Margin	(%)	2.18	2.88	9.36
ROCE	(%)	14.11	15.41	16.05
Total Debt/Tangible Net Worth	Times	1.87	1.12	0.79
PBDIT/Interest	Times	2.69	3.91	5.12
Total Debt/PBDIT	Times	3.44	2.48	1.56
Gross Current Assets (Days)	Days	35	60	96

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

NA

Any other information

NA

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Infrastructure Entities - <https://www.smera.in/criteria-infra.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. Cr.)	Ratings/Outlook
25-Nov-2016	Cash Credit	Long Term	INR 3	SMERA B+ / Stable
	Bank Guarantee	Short Term	INR 5	SMERA A4

*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	4.00	SMERA BB- / Stable (Upgraded)
Proposed Long Term	Not Applicable	Not Applicable	Not Applicable	3.00	SMERA BB- / Stable (Assigned)
Bank guarantee	Not Applicable	Not Applicable	Not Applicable	8.00	SMERA A4+ (Upgraded)

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