

Press Release

Shree Vinayak Infratech Private Limited

January 08, 2019



Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 20.00 Cr. (Enhanced from Rs.15.00 crore)
Long Term Rating	ACUITE BB-/Stable (Reaffirmed)
Short Term Rating	ACUITE A4+ (Reaffirmed)

* Refer Annexure for details

Rating Rationale

Acuité has reaffirmed the long term rating of '**ACUITE BB-**' (**read as ACUITE double B minus**) and short term rating of '**ACUITE A4+**' (**read as ACUITE A four plus**) to the Rs.20.00 crore 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.

Analytical Approach:

Acuité has taken a standalone view of the business and financial risk profile of SVIPL to arrive at the rating.

Key Rating Drivers:

Strengths

Experienced management

The director of SVIPL Mr. Fateh Chand Chindalia has more than a decade of experience in civil construction work. This experience has resulted in establishing healthy relationship with their customers.

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 low at Rs.5.73 crore in FY2018 as compared to Rs.4.78 crore in FY2017, mainly on account of retention of current year profit. The gearing of the company stood moderate at 1.24 times in FY2018 as compared to 1.87 times in FY2017. The interest coverage ratio (ICR) of the company stood comfortable at 3.88 times in FY2018 as compared to 2.69 times in FY2017. The debt service coverage ratio (DSCR) of the company stood low at 0.95 times in FY2018 as compared to 0.96 times in FY2017. The net cash accruals against total debt (NCA/TD) stood at 0.31 times in FY2018 compared to 0.16 times in FY2017.

Weaknesses

Moderate scale of operation

Though the company has started its operation since 2008, the revenue of the company stood moderate at Rs.37.33 crore in FY2018 as compared to Rs.22.54 crore in FY2017. Company has booked Rs.19.30 crore till 30th November 2018 (Provisional). Acuité believes the ability of the company to increase scale of operations will be a key monitorable.

Working capital intensive nature of operation

The operations are working capital intensive in nature as reflected in Gross Current Assets (GCA) of 103 days in 2017-18 as compared to 35 days in 2016-17. These high GCA days emanates from increase in collection period to 72 days in FY18 from 01 days in the previous year. The company's operations are expected to remain capital intensive as the company is engaged in construction business, which leads to a relatively high collection period mainly due to the inherent cyclical nature of the industry.

Outlook: Stable

Acuite believes that the outlook on SVIPL will remain 'Stable' over the medium term backed by its experienced management and healthy relations with its customer and suppliers. The outlook may be revised to 'Positive' in case the company registers more than envisaged sales and profitability while efficiently managing its working capital cycle and improving its financial risk profile. The outlook may be revised to 'Negative' in case the company fails to achieve envisaged revenue and profitability and its working capital cycle gets stretched or its financial risk profile deteriorates.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	37.33	22.54	18.33
EBITDA	Rs. Cr.	3.31	2.48	1.87
PAT	Rs. Cr.	0.95	0.49	0.53
EBITDA Margin	(%)	8.86	11.02	10.19
PAT Margin	(%)	2.55	2.18	2.88
ROCE	(%)	16.53	14.11	15.41
Total Debt/Tangible Net Worth	Times	1.24	1.87	1.12
PBDIT/Interest	Times	3.88	2.69	3.91
Total Debt/PBDIT	Times	2.01	3.44	2.48
Gross Current Assets (Days)	Days	103	35	60

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments <https://www.acuite.in/criteria-fin-ratios.htm>
- Infrastructure Sector - <https://www.acuite.in/view-rating-criteria-14.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
12-Jan-2018	Cash Credit	Long Term	4.00	ACUITE BB-/Stable (Upgraded)
	Proposed Long Term Loan	Long Term	3.00	ACUITE BB-/Stable (Assigned)
	Bank Guarantee	Short Term	8.00	ACUITE A4+ (Upgraded)
25-Nov-2016	Cash Credit	Long Term	3.00	ACUITE B+/Stable (Assigned)

	Bank Guarantee	Short Term	5.00	ACUITE A4 (Assigned)
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***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	ACUITE BB-/ Stable (Reaffirmed)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	16.00	ACUITE A4+ (Reaffirmed)

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About Acuité Ratings & Research:

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