

Indfab Projects Private Limited: Assigned

Facilities	Amount (Rs. Crore)	Ratings/Outlook
Fund Based Working Capital (FBWC)	2.00	SMERA B+/Stable (Assigned)
Proposed FBWC	2.00	SMERA B+/Stable (Assigned)
Bank Guarantee	20.00	SMERA A4 (Assigned)
Proposed Bank Guarantee	4.00	SMERA A4 (Assigned)

SMERA has assigned long term rating of '**SMERA B+**' (**read as SMERA B plus**) on the Rs.4.00 crore (fund based) facility and short term rating of '**SMERA A4**' (**read as SMERA A four**) on the Rs.24.00 crore (non-fund based) facility of Indfab Projects Private Limited (IPPL). The outlook is '**Stable**'. The ratings are constrained by the stretched liquidity leading to delayed payment to creditors and declining revenue. However, the ratings draw support from the experienced management and healthy financial risk profile.

IPPL's stretched creditor payment is reflected by the high creditors of 145 days in FY2016 as compared to 179 days in FY2014. The company's turnover has declined to around Rs.42.47 crore in FY2016 from Rs.56.39 crore in FY2014 due to fewer orders for installation, erection and commissioning and increase in maintenance work. However, the company is diversifying its client base to include civil contract works apart from the type of works it already undertakes. It has executed civil turnkey project for construction of a building and other facilities for a training institute. Additionally, a contract for construction of a parking shed has been executed.

IPPL, incorporated in 2005, offers EPC (Engineering, Procurement and Construction) solutions. The promoters, Mr. Ashis Palit, Mr. Prabhat Palit and Mr. Kaushik Palit possess extensive experience in the engineering industry.

The financial risk profile is marked by healthy debt protection metrics, gearing levels and a moderate net worth base. The interest coverage and debt service coverage ratios have been at 3.16 times and 2.72 times in FY2016 respectively. The gearing levels are comfortable and have improved to 0.26 times in FY2016 from 0.33 times in FY2015 mainly due to accretion to reserves thereby increasing the net worth and also because of simultaneous decrease in short term borrowings over the years. The net worth base remains at a moderate level of Rs.20.49 crore as on March 31, 2016.

Rating Sensitivity Factors

- Improvement in revenues while maintaining profitability
- Efficient working capital management

Outlook – Stable

SMERA believes that IPPL will maintain a stable outlook in the medium term while benefitting from its experienced management and healthy financial risk profile. The outlook may be revised to 'Positive' if IPPL scales up operations and profitability. Conversely, the outlook may be revised to 'Negative' if the company registers lower-than-expected growth in revenues and profitability or if the working capital cycle further deteriorates.

About the Company

Incorporated in 2005, IPPL carries out Engineering, Procurement and Construction (EPC) work in the aluminium industry. The company was promoted by Mr. Ashis Palit, Mr. Prabhat Palit and Mr. Kaushik Palit. The day-to-day operations are managed by Mr. Ashis Palit.

For FY2016, IPPL reported profit after tax (PAT) of Rs.0.88 crore on total operating income of Rs.42.47 crore, as compared with PAT of Rs.1.06 crore on total operating income of Rs.45.44 crore in FY2015. The tangible net worth stands at Rs.20.49 crore in FY2016 as compared to Rs.19.62 crore in FY2015.

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ABOUT SMERA

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