

Press Release

Vinnav Infrateck Private Limited

July 31, 2017

Rating Assigned



Total Bank Facilities Rated*	Rs. 8.75 Cr.
Long Term Rating	SMERA B / Outlook: Stable
Short Term Rating	SMERA A4

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B**' (read as **SMERA B**) and short term rating of '**SMERA A4**' (read as **SMERA A four**) on the Rs. 8.75 crore bank facilities of Vinnav Infrateck Private Limited. The outlook is '**Stable**'.

Vannav Infrateck Private Limited (VIPL) was established in 1995 as a proprietorship concern and converted to private limited in 2012. The company, led by Mr. Giriraju Pathapati and Ms. Vandana Narayana Raju Kondoor, is engaged in construction work and caters to the Karnataka government. The registered office is located at Bangalore, Karnataka.

Key Rating Drivers

Strengths

- **Experienced management**

The Directors of VIPL, Mr. Giriraju Pathapati and Mr. Vandana Narayana Raju Kondoor have extensive experience of over two decades in the construction and infrastructure industry.

- **Average financial risk profile**

The average financial risk profile of VIPL is marked by low net worth of Rs. 2.59 crore in FY2017 (Provisional) and moderate gearing of 1.66 times. The net worth increased from Rs.2.35 crore in FY2016, mainly due to retention of current year profits. The gearing level decreased to 1.66 times in FY2017 (Provisional) from 2.14 times in FY2016, on account of fall in short term debt. However, the interest coverage ratio has been moderate at 1.98 times and debt service coverage ratio at a comfortable 1.71 times in FY2017 (Provisional). The NCA/TD stood at 0.07 times in FY2017 (Provisional).

Weaknesses

- **Moderate scale of operations**

The moderate scale of operations is reflected in its revenue of around Rs. 17.16 crore in FY2017 (Provisional) as against Rs. 21.96 crore in the previous year.

- **Working capital intensive operations**

The operations are working capital intensive marked by high gross current assets (GCA) days of 137 days in FY2017 (Provisional), an increase from 101 days in FY2016. This is mainly on account of increase in debtor days to 53 in FY2017 (Provisional), from 09 in FY2016.

Analytical Approach

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

Outlook: Stable

SMERA believes that VIPL will maintain a stable outlook over the medium term on account of its experienced management and moderate scale of operations. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and net cash accruals while maintaining better profit margins and improvement in capital structure. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected growth in revenues and profitability, or deterioration in the financial risk profile.

About the Rated Entity - Key Financials

For FY2016-17 (Provisional), VIPL reported profit after tax (PAT) of Rs 0.24 crore on total operating income of Rs.17.16 crore, compared to PAT of Rs.0.16 crore on total operating income of Rs.21.96 crore in FY2015-16.

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>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Infrastructure Entities - <https://www.smera.in/criteria-infra.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Not Applicable

*Annexure - Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.00	SMERA B / Stable
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.25	SMERA B / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	4.50	SMERA A4

Contacts

Analytical	Rating Desk
Vinayak Nayak Head – Ratings Operations Tel: 022-67141190 vinayak.nayak@smera.in Abhishek Dey Executive Analyst - Rating Operations Tel: +91 33 6620 1222 abhishek.dey@smera.in	Varsha Bist Sr. Executive Tel: 022-67141160 varsha.bist@smera.in

ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, D&B and leading public and private sector banks in India. SMERA is registered with SEBI, accredited by RBI as an External Credit Assessment Institution (ECAI), under BASEL-II norms for undertaking Bank Loan Ratings. SMERA Bond Ratings is a division of SMERA Ratings Limited responsible for ratings of bank facilities, and capital market/money market debt instruments such as Bonds, Debentures, Commercial Papers, Fixed Deposits, Certificate of Deposits etc.. For more details, please visit www.smera.in.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.