

Press Release

Shayona Corporation

September 07, 2017



Rating Assigned

Total Bank Facilities Rated*	Rs. 20.00 Cr.
Short Term Rating	SMERA A4+

* Refer Annexure for details

Rating Rationale

SMERA has assigned short term rating of '**SMERA A4+**' (read as SMERA A four plus) on the Rs. 20.00 crore bank facilities of Shayona Corporation.

Shayona Corporation (SC), a partnership firm was established in 2005. The firm undertakes construction of buildings, bridges and roads for government and related entities at Nagpur and Thane, Maharashtra. SC is registered as a Class I-A contractor with the Public Works Department, Maharashtra.

Key Rating Drivers

Strengths

- **Experienced promoters**

SC, established by Mr. Ramesh Dabhi and Mr. Jignesh Patel is a civil construction firm and caters to the Municipal Corporations of Thane, Mira-Bhayender and Nagpur. The partners have more than two decades of experience in civil construction.

- **Diversified project portfolio**

The firm executes around seven contracts (construction of roads, buildings and bridges) a year on an average ranging from Rs. 0.50 crore to Rs.100 crore. With sectoral diversification, the firms' exposure to demand volatility and competition in a particular segment is limited. Currently, the firm has Rs. 142.65 crore worth orders-in-hand from Thane Municipal Corporation and Mira Bhayandar Municipal Corporation as on June 2017 out of which Rs. 102.72 crore is expected to be executed in the next 12 months.

- **Healthy financial risk profile and strong liquidity position**

The firm has healthy financial risk profile with networth of Rs. 61.32 crore as on 31 March, 2016 compared to Rs. 46.29 crore as on 31 March, 2015. The total outside liabilities to tangible networth stood at 0.70 times as on 31 March, 2016 compared to 1.19 times as on 31 March, 2015. The total debt as on 31 March, 2016 of Rs. 21.59 crore comprises unsecured loans from promoters and directors. The coverage indicators are healthy with interest coverage ratio (ICR) of 11.09 times for FY2015-16 compared to 11.68 times for the previous year.

- **Efficient working capital management**

The firm has been able to maintain its working capital on account of its established relations with customers and suppliers. The gross current asset days stood at 2 days in FY2015-16 compared to 14 days in FY2014-15. The low debtor and inventory days indicates the firm's capabilities to execute projects on time.

Weaknesses

• Geographical concentration risk

Since the firm caters to government entities in Maharashtra, it is exposed to geographical concentration risk.

• Uneven scale of operations

The operations of the firm are uneven at Rs. 97.83 crore for FY2015-16 as compared to Rs. 127.44 crore for FY2014-15 and Rs. 71.59 crore for FY2013-14 due to the tender based nature of business.

Analytical Approach

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

About the Rated Entity - Key Financials

The firm reported profit after tax (PAT) of Rs. 22.62 crore on operating income of Rs. 97.83 crore in FY2015-16 compared with PAT of Rs. 16.13 crore on operating income of Rs.127.62 crore in FY2015. The net worth stood at Rs. 61.32 crore as on 31 March, 2016 as against Rs.40.28 crore in the previous year.

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

None

Any other information

None

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)

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
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	20.00	SMERA A4+

Contacts:

Analytical	Rating Desk
Vinayak Nayak, Head – Ratings Operations, SMERA Bond Ratings Tel: 022-67141190 Email: vinayak.nayak@smera.in	Varsha Bist Sr. Executive Tel: 022-67141160 Email: varsha.bist@smera.in
Hina Gupta, Rating Analyst, Tel: 022-67141111 Email: hina.gupta@smera.in	

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