

Press Release

Trie-Viz Infracon Private Limited (TVIPL)

03 November, 2017



Rating Assigned

Total Bank Facilities Rated*	Rs.38.00 Cr
Long Term Rating	SMERA B+/Stable (Assigned)
Short Term Rating	SMERA A4 (Assigned)

*Refer Annexure for details

Rating Rationale

SMERA has assigned the long term rating of '**SMERA B+ (read as B plus)**' and short term rating of '**SMERA A4 (read as A four)**' to the Rs.38.00 crore bank facilities of Trie- Viz Infracon Private Limited (TVIPL). The outlook is '**Stable**'.

Trie-Viz Infracon Private Limited was established in 1999 as a partnership firm named 'Saket Nirman' by Piyush Agarwal. Later in the year 2012, it was constituted into a private limited company as a Trie-Viz Infracon Private limited (TVIPL). The company primarily undertakes civil construction activities such as construction of roads and bridges for government as well as private players.

List of key rating drivers and their detailed description:

Strengths:

Experienced Management: The promoters, Mr. Piyush Agarwal have long experience of over a decade in the construction industry.

Moderate financial risk profile: The moderate financial risk profile of the firm is marked by moderate networth of Rs.12.61 crore as on 31st March 2017 (Prov.) as compared to Rs.11.42 crore as on 31st March, 2016. The net worth includes unsecured loans of Rs.3.00 crore from promoters and is subordinated to bank debt; hence SMERA has treated them as quasi equity. The gearing of the company stands moderate at 1.81 times as on 31st March, 2017 (Prov.) as compared to 2.04 times in the previous year. The moderate gearing is on account of moderate net worth of Rs.12.61 crore as against the total debt of Rs.22.78 crore in FY2016-17. The total debt includes the term loan of Rs. 4.28 crore and Cash credit of ~ Rs.17.16 crore. The interest coverage of the firm stands moderate at 1.56 times in FY2017 (Prov.) as against 1.83 times in the previous year. The debt service coverage ratio (DSCR) stands moderate at 1.12 times in FY2017 (Prov.) as compared to 0.97 times in FY2016. The net cash accruals by total debt (NCA/TD) stands at 0.09 times in FY2017 (Prov.) as compared to 0.14 times in FY2016.

Weaknesses:

Working capital intensive operations: The operations of the company are working capital intensive in nature as reflected by gross current assets (GCA) of 251 days in 2016-17(Prov.) as compared to 482 days in FY2016. The high GCA days in FY2017 (Prov.) is on account of high inventory and debtor days of 157 days and 61 days respectively. The inventory days of the company are at high levels due to high levels of work in progress.

Tender driven business: The company deals with government organization which provides orders on tender basis. Going forward the company ability to bid for large orders and qualifying for the same remains to be seen.

Intense competition: The firm operates in highly fragmented industry with limited entry barriers wherein the presence of large number of players in the unorganized sector limits the bargaining power with customers.

Analytical approach: SMERA has considered the standalone business and financial risk profile of the company.

Applicable Criteria

- Infrastructure Sector - <https://www.smerra.in/criteria-infra.htm>
- Application of Financial Ratios and Adjustments: <https://www.smerra.in/criteria-fin-ratios.htm>
- Default Recognition: <https://www.smerra.in/criteria-default.htm>

Outlook: Stable

SMERA believes that the company will maintain a stable outlook in the medium term on account of its experienced management and long track record 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 improving its financial risk profile along with working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected revenue, profitability or further debt-funded capital expenditure undertaken that weakens the financial risk profile.

About the Rated Entity – Key Financials

For FY2017 (Prov.), the company reported net profit of Rs.0.83crore on operating income of Rs.51.91 crore as compared with Net Loss of Rs.0.04 crore on operating income of Rs.31.75 crore for FY2016. The net worth stands at Rs.12.61crore as on March 31, 2017 (Prov.) as compared with Rs.11.46 crore a year earlier. The net worth of Rs.12.61 crore in FY2017 includes quasi-equity of Rs.3.00 crore.

Status of non-cooperation with previous CRA (if applicable): Not Applicable

Any other information: Not Applicable

Rating History for the last three years:

Name of Instrument /Facilities	FY 2018			FY 2017		FY 2016		FY 2015	
	Scale	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Cash Credit	LT	15.00	SMERA B+/Stable (Assigned)	-	-	-	-	-	-
Bank Guarantee*	ST	23.00	SMERA A4 (Assigned)	-	-	-	-	-	-

*Overdraft of Rs.23.00 is a sub-limit of Bank Guarantee.

***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	N.A	N.A	N.A	15.00	SMERA B+/Stable (Assigned)
Bank Guarantee*	N.A	N.A	N.A	23.00	SMERA A4 (Assigned)

*Overdraft of Rs.23.00 is a sub-limit of Bank Guarantee.

Note on complexity levels of the rated instrument:

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

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ABOUT SMERA

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