

Press Release

SNS Infra Projects Private Limited (SIPPL)

24 May, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 14.50 Cr.
Long Term Rating	SMERA BB- / Outlook: Stable
Short Term Rating	SMERA A4+

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA BB-**' (read as **SMERA double B minus**) and short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs. 14.50 crore bank facilities of SNS Infra Projects Private Limited (SIPPL). The outlook is '**Stable**'.

SNS Infra Projects Pvt. Ltd (SIPPL) a Delhi-based company was incorporated in 2010. The company is engaged in civil construction and undertakes construction work for commercial and industrial buildings. SIPPL caters to Tamil Nadu, Haryana, Rajasthan, New Delhi and Ahmedabad. The nature of operations is tender based.

Key Rating Drivers

Strengths

- **Experience management and established track record**

The promoters, Mr. Sanjeev Sharma, Mr. Sidharth Sharma and Mr. Puneet Sharma have more than two decades of experience in civil construction.

- **Healthy order bookposition**

The company has a healthy order book position with orders worth Rs. 191.18 crore. The company registered revenue of Rs. 34.34 crore as on 31 January, 2018.

- **Moderate working capitaloperations**

The operations are working capital intensive marked by moderate Gross Current Asset days of 104 for FY2017 which increased from 60 in FY2016. This is on account of increase in inventory days to 74 in FY2017 from 16 in FY2016.

Weaknesses

- **Average financial riskprofile**

The financial risk profile is marked by low net worth of Rs.2.27 crore as on 31 March, 2017 as against Rs. 1.53 crore a year earlier. The gearing ratio stood moderate at 1.58 times in FY2017 which improved from 0.55 times in FY2016. The ICR stood at 5.90 times for FY2017 as against 22.02 times for FY2016. The DSCR stood at 4.43 times inFY2017.

- **Moderate scale ofoperations**

The scale of operations is restricted to Tamil Nadu, Haryana, Rajasthan, New Delhi and Ahmedabad.

- **Competitive and fragmentedindustry**

The company operates in the civil construction industry marked by intense competition from several mid to big sized players. However, the risk is mitigated to an extent as the promoters have been in the business for over two decades.

Analytical Approach

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

Outlook: Stable

SMERA believes that SIPPL will maintain a stable outlook over the medium term on account of its experienced management and established operational track record. 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. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected growth in revenues and profitability, or deterioration in its financial risk profile.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	21.63	28.58	7.67
EBITDA	Rs. Cr.	1.30	1.36	0.36
PAT	Rs. Cr.	0.74	0.87	0.18
EBITDA Margin	(%)	6.00	4.75	4.75
PAT Margin	(%)	3.42	3.03	2.40
ROCE	(%)	33.16	72.03	48.39
Total Debt/Tangible Net Worth	Times	1.58	0.55	1.29
PBDIT/Interest	Times	5.90	22.02	5.25
Total Debt/PBDIT	Times	2.77	6.15	4.31
Gross Current Assets (Days)	Days	104	60	136

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

None

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.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. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.50	SMERA BB- / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	0.15	SMERA BB- / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	1.65	SMERA A4+
Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	10.20	SMERA A4+

Contacts

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