

## Press Release

Vijay I Patel

June 20, 2018

### Rating Assigned



Total Bank Facilities Rated*	Rs. 6.47 Cr.
Long Term Rating	ACUITE BB / Outlook: Stable
Short Term Rating	ACUITE A4+

\* Refer Annexure for details

### Rating Rationale

Acuité has assigned long-term rating of '**ACUITE BB**' (read as **ACUITE double B**) and short term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs.6.47 crore bank facilities of Vijay I Patel (VIP). The outlook is '**Stable**'.

Established in 1995, Vijay I. Patel is a Gujarat based proprietorship firm engaged in providing civil construction. The firm is promoted by Mr. Vijay I. Patel who has experience of more than two decades in civil construction industry.

### Key Rating Drivers

#### Strengths

- **Experienced management**

VIP was established in 1995 and is promoted by Mr. Vijay I. Patel. He has experience of over two decades in civil construction industry.

- **Moderate financial risk profile**

The financial risk profile is moderate marked by net worth of Rs.4.30 crore as on 31 March, 2017 as against Rs.3.67 crore as on 31 March, 2016. The gearing (debt to equity) stood at 1.02 times as on 31 March, 2017 from 0.85 times as on 31 March, 2016. This is due to increase in short term debt from Rs.0.55 crore as on 31 March, 2016 to Rs.1.57 crore as on 31 March, 2017. The coverage indicators stood comfortable with Interest Coverage Ratio (ICR) of 4.57 times in FY2017 as compared to 4.24 times in FY2016.

#### Weaknesses

- **Modest scale of operations**

VIP has modest scale of operations marked by operating income of Rs.15.82 crore in FY2017 as against Rs.9.81 crore in the previous year. The operating margins declined to 9.13 percent in FY2017 as against 10.64 percent in FY2016.

- **Working capital intensive operations**

VIP's operations are working capital intensive marked by Gross Current Assets (GCA) of 139 days in FY2017 as against 145 days in FY2016. This is mainly due to inventory of 51 days in FY2017 as compared to 50 days in FY2016. The company had debtors outstanding of 41 days in FY2017 as against 39 days in FY2016.

### Analytical Approach

Acuité has considered the standalone business and financial risk profiles of VIP to arrive at the rating.

**Outlook: Stable**

Acuité believes that VIP will maintain a 'Stable' outlook owing to the promoters' extensive experience in the industry. The outlook may be revised to 'Positive' in case of significant increase in revenues while maintaining profitability. Conversely, the outlook may be revised to 'Negative' in case of deterioration in financial risk profile or in case of further elongation of working capital cycle.

**About the Rated Entity - Key Financials**

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	15.82	9.81	13.13
EBITDA	Rs. Cr.	1.44	1.04	1.28
PAT	Rs. Cr.	0.82	0.50	0.70
EBITDA Margin	(%)	9.13	10.64	9.78
PAT Margin	(%)	5.17	5.06	5.32
ROCE	(%)	14.88	11.77	31.97
Total Debt/Tangible Net Worth	Times	1.02	0.85	0.84
PBDIT/Interest	Times	4.57	4.24	4.70
Total Debt/PBDIT	Times	2.88	2.81	2.13
Gross Current Assets (Days)	Days	139	145	105

**Any other information**

Not Applicable

**Applicable Criteria**

- Default Recognition- <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments- <https://www.acuite.in/criteria-fin-ratios.htm>

**Note on complexity levels of the rated instrument**

<https://www.acuite.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
Term loans	Not Applicable	Not Applicable	Not Applicable	0.29	ACUITE BB / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	0.17	ACUITE BB / Stable
Overdraft	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE BB / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE A4+
Proposed	Not Applicable	Not Applicable	Not Applicable	0.01	ACUITE BB / Stable

## Contacts

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### About Acuité Ratings & Research:

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