



Rating Rationale

SH Infratech Pvt Ltd

17 November 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of SH Infratech Pvt. Ltd

Particulars

Facility	Tenure	Amount	Rating Assigned
Cash Credit	Long Term	1.00	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable
Bank Guarantee	Short Term	11.00	BWR A4+ (Pronounced as Single A Four Plus)
Total		12.00	Rupees Twelve Crore only

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financials of FY16, provisional financials of FY17, publicly available information and information/clarifications provided by the Company.

The ratings draw comfort from the experience of the promoters, low gearing profile, comfortable debt protection metrics and consistent improvement in topline. The rating is, however, constrained by small scale of operations and concentration risk, as the company is majorly doing business with PSUs on tender basis.

Credit Strengths:

- **Experience of Directors:** The Promoters of the company have an extensive experience of more than 3 decades in the same line of business.
- **Low gearing:** The company is not availing any long term debt from financial institutions and the promoters have infused funds of Rs. 4.61 Cr by way of unsecured loans in the company in addition to equity capital.
- **Comfortable debt protection metrics:** As the company has no outside long term liability and the profitability margins is also at a comfortable level. Owing to the same, the ISCR and DSCR ratios have been recorded at 8.45 and 2.70 respectively in FY17, on provisional basis.

Credit Weaknesses:

Small Scale of Operations: Although the promoters have been in the same line of business for a long time, the scale of operations of the company is still small.

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- **Concentration risk:** The company is majorly working with PSUs and orders are received on tender basis which exposes it to risk associated with tender based business.

Rating Outlook: Stable

BWR believes the SH Infratech Pvt Ltd's business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

SH Infratech was incorporated as a Private Limite company in 2009 and is promoted by Mr. Shakeel Haider. The registeted and corporate office of the company is in Jagdishpur, Dist. Amethi. The company was initially incorporated as a proprietorship concern by Mr. Shakeel Haider. The company is into road, civil & other construction activity and the promoter director is in the same line of business for last 35 years.

Company Financial Performance

	Unit	FY16 (Aud.)	FY17 (Prov.)
Net Sales/Revenues	Rs. in Cr	34.23	40.94
EBIDTA	Rs. in Cr	2.56	3.34
PAT	Rs. in Cr	1.12	1.89
Tangible Networth	Rs. in Cr	11.03	12.92
Total Debt : TNW	Times	0.48	0.43
Current Ratio	Times	2.99	2.87

Rating History for the last three years: (including withdrawn/suspended ratings)

S.No.	Instrument/ Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	2016	2015	2014
1	Cash Credit	Long Term	1	BWR BB- Outlook : Stable	NA	NA	NA
2	Bank Guarantee	Short Term	11	BWR A4+			
			Rs. 12 Crores (INR Twelve Crore Only)				

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



Any other information – NIL

Hyperlink/Reference to applicable Criteria

- [Approach to Financial Ratios](#) [General Criteria](#)
- [Services Sector](#) [Short Term Debt](#)

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

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