



## Rating Rationale

Shree Vardhman Power Pvt Ltd

6<sup>th</sup> March, 2017

**Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of Shree Vardhman Power Pvt Ltd.**

### Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating ^	
	Previous	Present		Previous	Present
Fund Based	7.00	7.00	Long Term	BWR BB- Outlook: Stable	BWR BB- Outlook: Stable
Non-Fund Based	9.00	9.00	Short Term	BWR A4	BWR A4
<b>Total</b>	<b>16.00</b>	<b>Rs. 16.00 Crores (Rupees Sixteen Crores Only.)</b>			

^ Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings.

#Details of the rated facilities has been mentioned in the annexure.

Note: Interchangeability from LC of Rs. 1.00 Cr to BG.

### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results up to FY16, projected financials of **Shree Vardhman Power Pvt Ltd** up to FY18, publicly available information and information/clarifications provided by the firm's management.

The rating draws strength from the experience of the promoters, comfortable cash conversion cycle, Clientele of state electricity boards and moderate debt/interest protection metrics. However, the rating is constrained by low profitability margins, modest scale of operations and low tangible net worth, tender based contract mechanism limiting margins and fragmented industry.

The rating outlook is expected to be stable over the current year. Going forward, the ability of the company to increase its scale of operations, profitability, and improve its capital levels would be the key rating sensitivities.



### Rating Outlook: Stable

BWR believes that **Shree Vardhman Power 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

Shree Vardhman Power Pvt Ltd (SVPPL) was incorporated in 1989 by Vinay Chordia. Company's manufacturing unit is located at Jaipur, Rajasthan. The company is engaged in manufacturing of ACSR Conductors, Bare Aluminium wires, LT XLPE and LT AB Cables etc. The Company's major customers are Jaipur Vidyut Vitran Nigam Limited (JVVN), Madhya Gujarat Vij Company Limited (MGVCL), Dakshin Gujarat Vij Company Limited (DGVCL), Paschim Gujarat Vij Company Limited (PGVCL), MESCOM (Karnataka) and other Government entities. The Company procures the orders through participations in E-Tenders.

### Company Financial Performance

Net revenue of the company has increased from Rs. 46.64 Crs in FY15 to Rs. 56.07 Crs in FY16. However, PAT has increased from Rs. 0.12 crs in FY15 to Rs. 0.13 crs in FY16.

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

Sl. No.	Instrument / Facility	Current Rating (Year 2017)			Rating History		
		Type -Long Term/ Short Term	Amount (Rs Crs)	Rating	Date & Rating assigned on		
					Feb, 2016	Feb, 2015	Feb, 2014
1.	Fund Based	Long Term	16.00	BWR BB- /BWR A4	BWR BB- /BWR A4 (Rs. 16.00 Crs)	BWR BB- /BWR A4 (Rs. 14.00 Crs)	BWR B+ /BWR A4 (Rs. 12.50 Crs)



### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing](#)

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### Annexure Rated facilities details

Type of facility	Name of the facility	Amount (Rs. Crs)	
		Previous	Present
Long Term	Cash Credit (Hyp.)	7.00	7.00
	Cash Credit (Book debts)	(2.50)	(2.50)
<b>Long Term Total</b>		<b>7.00</b>	<b>7.00</b>
Short Term	Letter of Credit	1.00	1.00
	Bank Guarantee	8.00	8.00
<b>Short Term Total</b>		<b>9.00</b>	<b>9.00</b>
<b>Total</b>		<b>16.00</b>	<b>16.00</b>

#### 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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto: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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