

CVS Infrastructure Private Limited

Instrument	Amount (Rs. Crore)	Rating Action
Long-term fund-based limits	14.00	Revised to [ICRA]B- from [ICRA]B+
Short-term non-fund based limits	1.00	[ICRA]A4; Reaffirmed

ICRA has revised the long-term rating of CVS Infrastructure Private Limited's (CVSIPL) Rs. 14.00 crore¹ fund-based bank facilities to [ICRA]B- (pronounced as ICRA B minus) from [ICRA]B+ (pronounced ICRA B plus)². It has reaffirmed the short-term rating of [ICRA]A4 (pronounced ICRA A four) to the Rs. 1.00-crore non-fund based bank facilities of the company.

The revision in the long-term rating takes into account the deterioration in the company's financial risk profile, characterised by an increase in the operating working capital as reflected in the sharp rise in debtors days, and a de-growth in revenues on account of subdued demand from end-user industries. The ratings continue to remain constrained also due to the company's highly-leveraged capital structure and weak debt coverage indicators. The ratings also factor in the company's weak operating profitability due to the low-value added trading business and the competitive nature of the industry in the domestic market.

The ratings favourably take into account the extensive experience of the promoters in chemical trading business and the company's moderate revenue concentration risk on account of diversified product portfolio.

Company Profile

Incorporated in 2010, CVSIPL trades in polymers, chemicals, glass and other general items. It is a part of the Mahalaxmi Group, promoted by Mr. Chandrakant Shah. During inception, the company had intended to construct infrastructure projects, container yards and bonded warehouses. However, in the absence of permissions from concerned authorities, CVSIPL aborted the project and started the trading business.

Recent Results

In FY2015, CVSIPL reported a profit before tax (PBT) of Rs 0.68 crore and a profit after tax (PAT) of Rs. 0.46 crore on an operating income of Rs. 105.41 crore. As per the FY2016 unaudited results, CVSIPL registered a PBT of Rs. 0.52 crore on an operating income of Rs. 43.26 crore.

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¹ 1 crore = 10 million = 100 lakh

² For complete rating scale and definitions, please refer to ICRA's Website www.icra.in or other ICRA Rating Publications



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