

Shivalaya Construction Co Private Limited

| Instrument | Amount | Rating Action |
|----------------------------------|----------|---------------------------------|
| | In Crore | As on July 2016 |
| Fund Based Facilities | 30.0 | [ICRA]BBB (stable) (Reaffirmed) |
| Non-Fund Based Facilities | 115.0 | [ICRA]A3+ (Reaffirmed) |

ICRA has reaffirmed the long term rating of **[ICRA]BBB** (pronounced ICRA triple B) assigned to the Rs. 30.0 crore fund based bank limits of Shivalaya Construction Co. Private Limited (SCCPL)[†]. The long term rating has a **stable** outlook. ICRA has also reaffirmed the short term rating of **[ICRA]A3+** (pronounced ICRA A three plus) for the Rs. 115.0 crore non fund based limits of SCCPL.

The reaffirmation of SCCPL's ratings takes into account healthy improvement in its revenue visibility backed by various high ticket value orders secured during FY16 (order book stood at ~Rs. 1,059 crore at the end of March 2016 translating into order book to revenue ratio of 4.16 times). Besides this, the ratings continue to favorably factor in SCCPL's established track record in the construction industry, its experienced promoters, its reputed client base and its geographically diversified operations. The rating also takes comfort from its healthy financial profile characterized by stable profit margins and comfortable coverage indicators. The ratings are however constrained by the highly competitive nature of the construction industry and SCCPL's high working capital intensity mainly due to stretched receivables which results in high utilization of working capital limits. ICRA notes that with the execution of the increased order book, SCCPL's turnover is expected to witness a robust growth during FY17 which will also lead to an increase in working capital requirements. Hence, the company's ability to tie-up incremental funding arrangements in a timely manner will be critical for the smooth execution of the orderbook. During FY16, SCCPL's gearing levels have increased (from 0.75 times in FY15 to 0.97 times in FY16) due to the debt funded capex incurred for the procurement of plant & machinery, this has also increased its annual debt repayment obligations going forward. However, ICRA believes that the company's annual cash accruals from operations will be comfortable to service its overall debt obligations in a timely manner. Going forward, SCCPL's ability to improve the pace of execution of its current order book while maintaining current profitability levels, reduce its receivables and tie-up incremental funding in a timely manner will be amongst the key rating sensitivity factors.

Company Profile

SCCPL was initially established as a partnership firm in the year 1993 by the name of "Shivalaya Construction Company" which later got reconstituted to private limited company and registered in December 1997. The company is engaged in the construction, upgradation and maintenance of roads, including state highways and rural roads. Also, the company undertakes construction of buildings, minor bridges and waterways. The company is in this line of business for more than 20 years and has undertaken and completed many construction projects in North, Central and east India. SCCPL is promoted by Mr. Shripal Aggarwal, Mr. Satish Nandal and Mr. Pradeep Nanda, the entire shareholding of the company is between them and their family members. It is registered as "Class 1" Government contractor with Government of Haryana, Rajasthan, J&K, Delhi and Madhya Pradesh.

Recent Results: In FY2015, the company reported a net profit of Rs. 6.74 crore on an operating income of Rs. 187.35 crore. Further, as per the provisional numbers for FY2016, the company reported a profit after tax (PAT) of Rs. 11.46 crore on an operating income of Rs. 253.84 crore.

July 2016

For further details please contact:

Analyst Contacts:

Mr. Rohit Inamdar (Tel. No. +91-124-4545847)
rohit.inamdar@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee (Tel. No. +91-80-43326401)
jayantac@icraindia.com



© Copyright, 2016, ICRA Limited. All Rights Reserved

Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Bangalore****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500