

September 03, 2014

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	5.00	SMERA B+/Stable (Assigned)
Letter of Credit	0.75	SMERA A4 (Assigned)
Bank Guarantee	4.00	SMERA A4 (Assigned)

SMERA has assigned a long-term rating of '**SMERA B+**' (**read as SMERA Single B plus**) and a short-term rating of '**SMERA A4**' (**read as SMERA A Four**) to the abovementioned bank facilities of Competent Constructions Company (CCC). The outlook is '**Stable**'. The ratings are constrained by the firm's small-scale operations and moderate financial risk profile in an intensely competitive segment of the civil construction industry. However, the ratings are supported by the firm's experienced management.

CCC, established in 1990, is a Delhi-based proprietorship firm engaged in undertaking contracts for construction of roads, buildings, bridges, tunnels, and dams. CCC's small operating scale is reflected in total operating income of Rs.35.00 crore (provisional) in FY2013–14 (refers to financial year, April 01 to March 31). The firm's moderate financial risk profile is marked by gearing (debt-to-capital ratio) of 1.46 times (provisional) as on March 31, 2014 and interest coverage ratio of 3.91 times in FY2013–14. CCC faces intense competition from several players in the civil construction business. The firm is highly dependent on tender-based contracts.

CCC benefits from its experienced management. Mr. Satya Pal Gupta, proprietor of CCC, has around 30 years of experience in the civil construction industry.

Outlook: Stable

SMERA believes CCC will maintain a stable business risk profile over the medium term. The firm will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the firm registers sustained growth in revenues and net cash accruals while maintaining healthy debt protection metrics. Conversely, the outlook may be revised to 'Negative' in case the firm registers lower-than-expected growth in revenues and profitability, or in case of deterioration in the firm's financial risk profile.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.

About the firm

CCC, established in 1990, is a Delhi-based proprietorship firm promoted by Mr. Satya Pal Gupta. CCC is engaged in undertaking contracts for construction of roads, buildings, bridges, tunnels, and dams.

For FY2013–14 (as per provisional financial statements), CCC reported profit after tax (PAT) of Rs.0.90 crore on total operating income of Rs. 35.00 crore, as compared with PAT of Rs.0.73 crore on total operating income of Rs. 32.14 crore in FY2012–13. The firm's net worth stood at Rs.4.26 crore (provisional) as on March 31, 2014, as compared with Rs.3.57 crore a year earlier.

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