

December 10, 2014

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	3.50	SMERA B-/ Stable (Assigned)
Bank Guarantee	2.00	SMERA A4 (Assigned)

SMERA has assigned a rating of '**SMERA B-**' (**read as SMERA B minus**) to the Rs.3.50 crore long-term bank facility and '**SMERA A4**' (**read as SMERA A four**) to the Rs.2.00 crore short-term bank facility of Narula Buildwell Private Limited (NBPL). The outlook is '**Stable**'. The ratings are constrained by the company's moderate-scale operations, high dependence on government orders and stretched liquidity position. The aforementioned weaknesses are partially offset by the company's established operations and experienced management.

NBPL, incorporated in 2000, is a Punjab-based company engaged in undertaking road construction projects. NBPL has moderate-scale operations marked by revenue of Rs.15.81 crore in FY2013-14 (refers to financial year, April 01 to March 31). The company's high dependence on government orders has resulted in lumpy nature of receipts from customers. NBPL's stretched liquidity position is evidenced by overdrawning in cash credit account.

NBPL benefits from its experienced management. Mr. Rashpal Singh and Mr. Parminder Singh, promoters of NBPL, have around 10 years of experience in the infrastructure industry.

Outlook: Stable

SMERA believes NBPL will maintain a stable business risk profile over medium term. The company will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and significant improvement in liquidity position. The outlook may be revised to 'Negative' in case of deterioration in the company's financial risk profile or liquidity position.

Rating sensitivity factors

- Delays in collection of dues from customers.
- Ability to scale up operations while maintaining profit margins.

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About the company

NBPL, incorporated in 2000, is a Punjab-based company promoted by Mr. Rashpal Singh and Mr. Parminder Singh. NBPL undertakes road construction projects.

For FY2013-14, NBPL reported profit after tax (PAT) of Rs.0.22 crore on net operating income of Rs.15.89 crore, as compared with PAT of Rs.0.58 crore on operating income of Rs.11.58 crore in the previous financial year. The company's net worth stood at Rs.3.68 crore as on March 31, 2014, as compared with Rs.3.46 crore a year earlier.

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