

March 16, 2015

Facility	Amount (Rs. Crore)	Rating
<b>Cash Credit</b>	<b>14.00</b>	<b>SMERA BB+/Stable (Assigned)</b>

SMERA has assigned a rating of '**SMERA BB+**' (**read as SMERA double B plus**) to the Rs.14.00 crore bank facility of Southern Cargo Carriers (India) (SCC). The outlook is '**Stable**'. The rating derives comfort from the firm's experienced management. The rating is also supported by the firm's healthy revenue growth and moderate financial risk profile. However, the rating is constrained by the firm's exposure to intense competition in the transportation services industry.

SCC, established in 1991, is a Bangalore-based partnership firm engaged in providing road transportation services. SCC benefits from its experienced management. The partners of the firm have around three decades of experience in the transportation services industry. SCC's revenue has grown at a healthy compound annual growth rate (CAGR) of ~21 per cent over the past five years. The firm's moderate financial risk profile is marked by net worth of Rs.9.46 crore and gearing (debt-to-capital ratio) of 1.22 times as on March 31, 2014.

SCC faces intense competition from several players in the transportation services industry.

### **Outlook: Stable**

SMERA believes SCC 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 healthy growth in revenues while achieving sustained improvement in profitability. The outlook will be revised to 'Negative' in case of significant decline in the firm's revenue and profit margins.

### **About the firm**

SCC, established in 1991, is a Bangalore-based partnership firm promoted by members of the Mittal family. SCC is engaged in providing road transportation services. The firm mainly caters to corporate clients. SCC operates a fleet of ~400 trucks, of which 92 trucks are owned.

For FY2013–14, SCC reported profit after tax (PAT) of Rs.4.85 crore on operating income of Rs.135.55 crore, as compared with PAT of Rs.4.03 crore on operating income of Rs.107.75 crore in FY2012–13. The firm's net worth stood at Rs.9.46 crore as on March 31, 2014, as compared with Rs.6.60 crore a year earlier.

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