

April 10, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	1.00	SMERA BBB+/Stable (Assigned)
Bank Guarantee I	24.00	SMERA A2+ (Assigned)
Bank Guarantee II	9.00	SMERA A2+ (Assigned)

SMERA has assigned a long-term rating of '**SMERA BBB+**' (read as SMERA triple B plus) and a short-term rating of '**SMERA A2+**' (read as SMERA A two plus) to the abovementioned bank facilities of Chetas Control Systems Private Limited (CCSPL). The outlook is '**Stable**'. The ratings are supported by the company's established operations, experienced management, reputed clientele and healthy order book position. The ratings are also supported by the company's healthy profit margins and strong financial risk profile. However, the ratings are constrained by the company's modest-scale operations. The ratings are also constrained by the company's high dependence on tender-based contracts.

CCSPL, incorporated in 1989, is a Pune-based company engaged in undertaking turnkey projects for setting up and maintenance of water management systems. CCSPL benefits from its experienced management. Mr. Mahesh S. Deshmukh, director of CCSPL, has around 25 years of experience in the company's line of business. CCSPL has established relations with several reputed customers such as Navi Mumbai Municipal Corporation (NMMC), Pimpri Chinchwad Municipal Corporation (PCMC), Municipal Corporation of Greater Mumbai (MCGM) and Hyderabad Metropolitan Water Supply & Sewerage Board (HMWSSB).

CCSPL has a healthy order book position with pending orders of Rs.98.00 crore, which are likely to be executed over the next two years. The company has registered healthy operating profit margin of ~30 per cent over the past five financial years. CCSPL's strong financial profile is marked by the absence of long-term debt as on March 31, 2014. The company has a healthy interest coverage ratio (ICR) of 34.17 times in FY2013-14.

CCSPL has modest-scale of operations with operating income of Rs.44.05 crore in FY2013-14. The company is highly dependent on tender-based contracts procured through an intensely competitive bidding process. CCSPL's operations are exposed to delays inherent in infrastructure projects.

Outlook: Stable

SMERA believes CCSPL will maintain a stable business risk profile over the 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 strong growth in revenues

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while maintaining healthy profit margins. Conversely, the outlook may be revised to 'Negative' in case of decline in the company's revenues and profit margins.

About the company

CCSPL, incorporated in 1989, is a Pune-based company promoted by Mr. Mahesh S. Deshmukh. CCSPL undertakes turnkey projects for setting up and maintenance of water management systems. The company has branch offices in CBD Belapur (Navi Mumbai), Sion (Mumbai), Kalyan (Thane), Bengaluru (Karnataka) and Ahmedabad (Gujarat).

For FY2013–14, CCSPL reported profit after tax (PAT) of Rs.18.92 crore on total operating income of Rs.44.05 crore, as compared with PAT of Rs.19.46 crore on total operating income of Rs.74.02 crore in FY2012–13. The company registered revenue of Rs.60.00 crore (provisional) during April 01, 2014 to March 15, 2014. CCSPL's net worth stood at Rs.133.98 crore as on March 31, 2014, as compared with Rs.119.68 crore a year earlier.

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