

June 08, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	2.00	SMERA B+/Stable (Assigned)
Bank Guarantee	10.00	SMERA A4 (Assigned)

SMERA has assigned long term rating of '**SMERA B+**' (read as **SMERA B plus**) to the Rs.2.00 crore fund based facility and short term rating of '**SMERA A4**' (read as **SMERA A four**) to the Rs.10.00 crore non-fund based facility of Sumaja Electroinfra Private Limited (SEPL). The outlook is '**Stable**'. The ratings are constrained by the company's moderate scale of operations, tender-based business and weak financial risk profile. However, the ratings are supported by the company's experienced management and strong order book position.

SEPL, established in 2005, is a Delhi-based company that undertakes turnkey projects related to electrification and civil construction work for government entities. SEPL is also engaged in the trading of stationery items. The company has moderate scale of operations, as reflected in the total operating income of Rs.46.30 crore (provisional) in FY2014-15 (financial year, April 01 to March 31). SEPL faces intense competition in bidding for tenders. The company's weak financial risk profile is marked by high gearing (debt-equity ratio) of 6.05 times (provisional) as on March 31, 2015 and weak interest coverage ratio of 1.74 times (provisional) in FY2014-15.

The company is promoted by Mr. Manish Agarwal, who has around 10 years of experience in the construction industry. SEPL has a strong order book position, as reflected in the pending orders of ~Rs.57.00 crore, which are likely to be executed in FY2015-16.

Outlook: Stable

SMERA believes the outlook on SEPL's rated facilities will remain stable over the medium term on the back of the company's experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected revenues and net cash accruals while achieving efficient working capital management. Conversely, the outlook may be revised to 'Negative' in case the company registers lower-than-expected net cash accruals, or in case of deterioration in the company's financial profile on account of stretch in working capital management or larger-than-expected debt-funded capital expenditure.

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SMERA RATINGS LIMITED

Sumaja Electroinfra Private Limited (SEPL)

*Rating
Rationale*

About the Company

SEPL, incorporated in 2005, is a Delhi-based company promoted by Mr. Manish Agarwal and Mr. Raghav Agarwal. The company undertakes turnkey projects related to electrification and civil construction work for government entities and also trades in stationery items.

SEPL reported profit after tax (PAT) of Rs.0.15 crore on operating income of Rs.22.86 crore for FY2013-14, as compared with PAT of Rs.0.04 crore on operating income of Rs.16.81 crore for FY2012-13. The company's net worth stood at Rs.1.29 crore as on March 31, 2013, as against Rs.1.13 crore a year earlier.

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