

July 15, 2015

Facility	Amount (Rs. Crore)	Rating
Cash Credit	5.00	SMERA BB-/Stable (Assigned)

SMERA has assigned a rating of '**SMERA BB-**' (read as SMERA double B minus) to the Rs.5.00 crore long term (fund based) bank facility of Shripad Conchem Private Limited (SCPL). The outlook is '**Stable**'. The rating derives comfort from the company's experienced management, healthy relations with customers and suppliers and moderate order book. However, the rating is constrained by the small scale of operations and working capital intensive nature of business.

SCPL, incorporated in 1999, is a Gujarat-based company, engaged in the business of construction chemicals. The company also undertakes civil contracts for the government and private companies. Mr. Shirish Shah, Director, has more than four decades of experience in the company's line of business. SCPL has long standing relations with customers such as Surat Municipal Corporation, Reliance Industries Limited, PWD-Gujarat, Larson & Toubro Limited and suppliers such as FOSROC, SIKA, Shell Bitumen. SCPL has moderate order book of Rs. 30 crore.

SCPL's scale of operations continues to remain small evident from the operating income of Rs.18.33 crore (provisional) in FY2014-15. The operations are working capital intensive marked by gross current asset (GCA) of 309 days with collection period of 95 days (provisional) in FY2014-15.

Outlook: Stable

SMERA believes SCPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the company registers significant and sustained improvement in operating income while maintaining profitability margins and leverage. Conversely, the outlook may be revised to 'Negative' in case of further deterioration in the company's revenue profile, lengthening of working capital cycle or debt funded capital expansion.

About the Company

SCPL, incorporated in 1999, is a Gujarat-based company, engaged in the construction chemicals business. The company also undertakes contracts for laying of roads, repairing and rehabilitation of buildings and construction of residential apartments for the government and private players in and around Surat.

For FY2013-14, SCPL reported profit after tax (PAT) of Rs.0.60 crore on operating income of Rs.23.51 crore as compared with profit after tax (PAT) of Rs.0.50 crore on operating income of Rs.17.72 crore for FY2012-13. For FY2014-15, the company reported operating income of Rs.18.33

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crore (provisional). The company's net worth stands at Rs.5.23 crore as on March 31, 2015 as compared with Rs. 4.12 crore a year earlier.

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