

Press Release

S.T. Constructions Private Limited (STCPL)

28 January, 2017

Rating Reaffirmed

Total Bank Facilities Rated*	Rs.35.00 Cr
Long Term Rating	SMERA BB+/Stable (Reaffirmed)
Short Term Rating	SMERA A4+ (Reaffirmed)

*Refer Annexure for details

Rating Rationale

SMERA has reaffirmed the long term rating of '**SMERA BB+** (read as SMERA double B plus) and short term rating of '**SMERA A4+ (read as SMERA A four plus)** on the abovementioned facilities. SMERA has also assigned a long term rating of '**SMERA BB+** (read as SMERA double B plus) on the above mentioned bank facilities of S.T. Constructions Private Limited (STCPL). The outlook is '**Stable**'.

STCPL, incorporated in 2002 is a Delhi-based company promoted by Mr. Suristh Tiwary and Mrs. Shobha Tiwary. The company is engaged in the civil construction business.

List of key rating drivers and their detailed description

Strengths:

Experienced management and long track record of operations: The company benefits from the extensive experience of its management. Directors, Mr. Suristh Tiwary and Mrs. Shobha Tiwary possess extensive experience in the EPC industry.

Moderate financial risk profile: The financial risk profile is marked by interest coverage ratio of 7.90 times in FY2016 as against 5.23 times in the previous year. The DSCR stands at 5.59 times in FY2016 as compared to 4.29 times in FY2015. The net profitability margin was 2.87 per cent in FY2016 as against 2.85 times in FY2015.

Weaknesses:

Tender-based business: The nature of business is tender-based. The company deals with government organisation to bid for orders. However, the promoter's extensive experience and relationship with clientele help partially mitigate this risk.

Investment in non-related business: The rating is constrained by company's exposure to investments in non-related businesses such as metal and entertainment industries.

Analytical approach: SMERA has considered the standalone business and financial risk profile of the company.

Applicable Criteria:

- Infrastructure Entities - <https://www.smerra.in/criteria-infra.htm>
- Application of Financial Ratios and Adjustments: <https://www.smerra.in/criteria-fin-ratios.htm>
- Default Recognition: <https://www.smerra.in/criteria-default.htm>

Outlook: Stable

SMERA believes that the company will maintain a stable outlook owing to its management's extensive experience and established relationships with customers. The outlook may be revised to 'Positive' in case of sustained increase in revenues and accruals while maintaining working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of significant decline in revenues and large debt funded capex.

About the Rated Entity

STCPL incorporated in 2002, is a Delhi-based company promoted by Mr. Suristh Tiwary and Mrs. Shobha Tiwary. The company undertakes civil construction work for government organisations including railways Noida/Greater Noida Authority, Rail India Technical and Economic Service (RITES) India Ltd., Meerut Development Authority to name a few.

For FY2015-16, the company reported (profit after tax) PAT of Rs.3.05 crore on operating income of Rs.106.28 crore as compared with PAT of Rs.2.99 crore on operating income of Rs.104.91 crore in FY2014-15. The net worth stood at Rs.20.38 crore as on March 31, 2016 against Rs.16.61 crore a year earlier.

Status of non-cooperation with previous CRA (if applicable): Not Applicable

Any other information: Not Applicable

Rating History for the last three years:

Name of Instrument /Facilities	2017			2016		2015		2014	
	Scale	Amount (Rs. Crore)	Rating	Date	Rating	Date	Rating	Date	Rating
Cash Credit	LT	3.00 (enhanced from Rs.2.50 crore)	SMERA BB+/Stable (Reaffirmed)	24 Dec, 2016	SMERA BB+/Stable (Upgraded)	31 July, 2015	SMERA BB/Stable (Assigned)	-	-
Bank Guarantee	ST	29.00 (enhanced from Rs13.50 crore)	SMERA A4+ (Reaffirmed)	24 Dec, 2016	SMERA A4+ (Reaffirmed)	31 July, 2015	SMERA A4+ (Assigned)	-	-
Proposed Long Term	LT	3.00	SMERA BB+/Stable (Assigned)	-	-	-	-	-	-

***Annexure – Details of instruments rated:**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	N.A	N.A	N.A	3.00 (enhanced from Rs.2.50 crore)	SMERA BB+/Stable (Reaffirmed)
Bank Guarantee	N.A	N.A	N.A	29.00 (enhanced from Rs.13.50 crore)	SMERA A4+ (Reaffirmed)
Proposed Long Term	N.A	N.A	N.A	3.00	SMERA BB+/Stable (Assigned)

Note on complexity levels of the rated instrument:
<https://www.smerra.in/criteria-complexity-levels.htm>
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ABOUT SMERA

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