

August 25, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	7.00	SMERA B/Stable (Assigned)
Term Loan	0.09	SMERA B/Stable (Assigned)
Bank Guarantee	2.00	SMERA A4 (Assigned)

SMERA has assigned ratings of '**SMERA B' (read as SMERA single B)** to the Rs.7.0895 crore long-term (fund based) bank facilities and '**SMERA A4' (read as SMERA A four)** to the Rs.2.00 crore short-term (non-fund based) bank facility of Master Construction Company (MCC). The outlook is '**Stable**'. The ratings are constrained by the firm's small-scale operations and stretched working capital cycle. The ratings are also constrained by the firm's high dependence on tender-based contracts. However, the ratings draw comfort from the firm's experienced management and established relation with customer.

MCC, established in 1984, is a Rourkela-based partnership firm engaged in undertaking civil construction projects awarded by Public Welfare Department (PWD), Odisha. MCC has small-scale operations marked by operating income of Rs.3.92 crore in FY2013-14 (refers to financial year, April 01 to March 31). The firm's operations are working capital-intensive, with gross current assets (GCA) of 740 days and inventory holding period of 489 days in FY2013-14. MCC faces intense competition from several players in the construction industry. The firm is highly dependent on tender-based contracts procured through an intensely competitive bidding process.

MCC benefits from its experienced management. Mr. Sanjay Sultania, partner of MCC, has around 25 years of experience in the firm's line of business. MCC also benefits from its established relations with PWD, Odisha.

Outlook: Stable

SMERA believes MCC will maintain a stable business risk profile over the medium term. The firm will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' in case the firm diversifies its clientele and registers strong growth in revenue and profits. The outlook may be revised to 'Negative' in case of decline in the firm's revenue and profit margins, or in case of deterioration in the firm's working capital management.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.

About the firm

MCC, established in 1984, is a Rourkela-based partnership firm promoted by Mr. Sanjay Sultania. MCC undertakes civil construction projects awarded by Public Welfare Department, Odisha.

For FY2013–14, MCC reported profit after tax (PAT) of Rs.0.26 crore on operating income of Rs.3.92 crore, as compared with PAT of Rs.0.46 crore on operating income of Rs.6.87 crore in FY2012–13. The firm's net worth stood at Rs.2.50 crore as on March 31, 2014, as compared with Rs.1.99 crore a year earlier. MCC registered PAT of Rs.0.58 crore (provisional) on operating income of Rs.11.90 crore (provisional) in FY2014–15.

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