



SMERA RATINGS LIMITED

**Bikash Enterprises (Bikash)****Rating  
Rationale****October 16, 2015**

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	1.40	SMERA B/Stable (Assigned)
Bank Guarantee	1.30	SMERA A4 (Assigned)
Cash Credit (Proposed)	3.00	SMERA B/Stable (Assigned)
Bank Guarantee (Proposed)	1.00	SMERA A4 (Assigned)

SMERA has assigned ratings of '**SMERA B**' (read as **SMERA B**) to the Rs.4.40 crore long-term (fund based) bank facilities and '**SMERA A4**' (read as **SMERA A four**) to the Rs.2.30 crore short-term (non-fund based) bank facility of Bikash Enterprises (Bikash). The outlook is '**Stable**'. The ratings are constrained by the firm's small-scale of operations, stretched working capital cycle and high dependence on tender-based contracts. However, the ratings draw comfort from the firm's experienced management and established relations with customers.

**Outlook: Stable**

SMERA believes Bikash 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 deterioration in the firm's working capital management.

**Rating Sensitivity Factors**

- Scaling up of operations
- Improvement in profitability margins

**About the Firm**

Bikash, established in 2012, is a Guwahati-based partnership firm promoted by Mr. Bikash Jalan. The firm undertakes civil construction work on projects awarded by state government and Indian railways.

For FY2013-14, Bikash reported profit after tax (PAT) of Rs.0.23 crore on operating income of Rs.3.95 crore, as compared with PAT of Rs.0.22 crore on operating income of Rs.3.52 crore in FY2012-13. The firm's net worth stood at Rs.0.98 crore as on March 31, 2014, as compared with Rs.0.75 crore a year earlier. Bikash registered PAT of Rs.0.10 crore (provisional) on operating income of Rs.4.74 crore (provisional) in FY2014-15.

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## Bikash Enterprises (Bikash)

## Rating Rationale

### Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 9820802479 Email: <a href="mailto:antony.jose@smera.in">antony.jose@smera.in</a>	Parimal Thakker Associate Vice President – Corporate Ratings Tel: +91-011-4973 1312 Email: <a href="mailto:parimal.thakker@smera.in">parimal.thakker@smera.in</a>	Tel: +91-22-6714 1184 Email: <a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a>

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