

October16, 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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