

Press Release

Surya & Company (Surya)

30 January, 2017

Rating Reaffirmed

Total Bank Facilities Rated*	Rs.12.50 Crore
Long Term Rating	SMERA B+/Stable (Reaffirmed)
Short Term Rating	SMERA A4 (Reaffirmed)

*Refer Annexure for details

Rating Rationale

SMERA has reaffirmed the long-term rating of '**SMERA B+** (read as SMERA B plus) and short term rating of '**SMERA A4**' (read as SMERA A four) on the Rs.12.50 crore bank facilities of Surya & Company (Surya). The outlook is 'Stable'.

Surya is a proprietorship firm established in 1990 by Mrs. Sudesh Tanwar. The firm undertakes civil construction work for government organisations such as U.P Electricity Board, MTNL and Greater Noida Industrial Development Authorities.

List of key rating drivers and their detailed description

Strengths:

Experienced promoters: The proprietor, Mrs. Sudesh Tanwar has more than two decades of experience in the civil construction business.

Moderate financial risk profile: The financial risk profile of the group is marked by moderate gearing of 1.87 times in FY2015-16 as against 2.34 times in FY2014-15. The operating margin of stood at 6.84 per cent in FY2015-16 as against 9.02 per cent in FY2014-15. Further, the net profit margin stood at 1.90 per cent in FY2015-16 as against 2.40 per cent a year earlier. The ROCE has been moderate at 18.64 per cent in FY2015-16 as against 18.25 per cent a year earlier. The coverage ratio stood at 1.20 times for FY2015-16 as against 1.19 times for FY2014-15.

Weaknesses:

Moderate scale of operations: The operations of the group are modest marked by operating income of Rs.74.93 crore in FY2015-16 as against Rs.58.69 crore a year earlier. Further, the firm has reported sales of approximately Rs.43 crore till December 2016.

Dependence on government orders: The firm is highly dependent on government orders and executes construction work only for state government organisations. As a result, project execution delays could lead to higher working capital requirements.

Analytical approach: SMERA has consolidated the financials of Parkash & Company and Surya & Company.

Applicable Criteria

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

Outlook: Stable

SMERA believes that the group will maintain a stable outlook owing to the management's extensive experience in the business and established relationships with customers. The outlook may be revised to 'Positive' in case of sustained increase in revenues and accruals while managing profitability. Conversely, the outlook may be revised to 'Negative' in case of significant decline in revenues and accruals.

About the rated entity

Surya & Company (Surya) is a proprietorship firm established in 1990 by Mrs. Sudesh Tanwar. The firm undertakes civil construction work such as construction of gas pipe lines, laying of cables, telephone network, construction of electric sub-station for government organisations.

In FY2015-16 the group achieved operating income of Rs.74.93 crore and Profit After Tax (PAT) of Rs.1.43 crore as compared to operating income of Rs.58.69 crore and PAT of Rs.1.41 crore a year earlier. The Net worth of the group stood at Rs.10.79 crore in FY2015-16 as compared to Rs.9.04 crore a year earlier. The Net worth in FY2015-16 includes quasi equity of Rs.7.37 crore.

Status of non-cooperation with previous CRA (if applicable): Non availability of information

Any other information: N.A.

Rating History for the last three years

Facilities	Scale	2017		2016		2015		2014	
		Amount Rs. Crore	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Cash Credit	LT	10.00	SMERA B+/Stable (Reaffirmed)	-	-	20 Oct, 2015	SMERA B+/Stable (Assigned)	-	-
Bank Guarantee	ST	2.50	SMERA A4 (Reaffirmed)	-	-	20 Oct, 2015	SMERA A4 (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	10.00	SMERA B+/Stable (Reaffirmed)
Bank Guarantee	N.A	N.A	N.A.	2.50	SMERA A4 (Reaffirmed)

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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