



SMERA RATINGS LIMITED

# Seth Construction Company (SCC)

**Rating  
Rationale****December 01, 2015**

Facility	Amount (Rs. Crore)	Rating
Bank Guarantee	10.00	SMERA A4+ (Assigned)

SMERA has assigned rating of '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs.10.00 crore short term bank facility of Seth Construction Company (SCC). The rating draws comfort from the firm's long track record of operations, experienced management and moderate financial profile. The rating also takes into account the fair visibility of revenues over the medium term from its healthy order book. However, the rating is constrained by the high dependence on orders from government entities, working capital intensive operations and competitive nature of the construction industry. The rating also factors in risks inherent in the partnership constitution of the firm.

## Rating Sensitivity Factors

- Improvement in scale of operations while maintaining profitability
- Efficient working capital management

## Outlook: Stable

SMERA believes SCC will maintain a stable business risk profile over the medium term. The firm will continue to benefit from its experienced management and moderate financial profile. The outlook may be revised to 'Positive' in case the firm generates healthy cash flows while achieving efficient working capital management. The outlook may be revised to 'Negative' in case of stretch in the firm's liquidity position or delays in execution of projects.

## About the Firm

SCC established in 1973 is a Nagpur-based partnership firm promoted by Yashpal Seth and family. The firm executes infrastructure-related contracts on the basis of tenders awarded by government entities such as Public Works Departments (PWD) - Maharashtra, Defense Research and Development Organization (DRDO), Nagpur Municipal Corporation (NMC) among others.

For FY2014-15, SCC reported profit after tax (PAT) of Rs.3.14 crore on operating income of Rs.54.21 crore, as compared with PAT of Rs.2.68 crore on operating income of Rs.47.83 crore in FY2013-14.

**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](http://www.smera.in)) for the latest information on any instrument rated by SMERA.



SMERA RATINGS LIMITED

## Seth Construction Company (SCC)

*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 98208 02479 Email: <a href="mailto:antony.jose@smera.in">antony.jose@smera.in</a>	Pooja Ghosh Associate Vice President – Corporate Ratings Tel: +91-33-6620 1203 Email: <a href="mailto:pooja.ghosh@smera.in">pooja.ghosh@smera.in</a>	Tel: +91-22-6714 1184 Email: <a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a>

**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](http://www.smera.in)) for the latest information on any instrument rated by SMERA.