



SMERA RATINGS LIMITED

# Crescon Projects & Services Private Limited (CPSPL)

**Rating  
Rationale****February 08, 2016**

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	1.00	SMERA B+/Stable (Assigned)
Letter of Credit	5.00	SMERA A4 (Assigned)
Bank Guarantee	12.00	SMERA A4 (Assigned)

SMERA has assigned a long-term rating of '**SMERA B+**' (read as **SMERA B plus**) and short-term rating of '**SMERA A4**' (read as **SMERA A four**) to the abovementioned Rs.18.00 crore bank facilities of Crescon Projects & Services Private Limited (CPSPL). The outlook is '**Stable**'.

The ratings are constrained by the company's small scale of operations, concentrated customer base, working capital intensive operations and the highly competitive and fragmented construction industry. However, the ratings draw comfort from the extensive industry experience of the promoters and healthy order book position that provides near term revenue visibility.

**Outlook: Stable**

SMERA believes that CPSPL will continue to benefit over the medium term from the promoters extensive industry experience. The outlook may be revised to 'Positive' if the company generates substantial and sustainable revenues or operating margins. Conversely, the outlook may be revised to 'Negative' in case of adverse financial results or if the working capital cycle elongates resulting in a weak financial risk profile.

**Rating Sensitivity Factors**

- Completing the Rexam project (contract worth Rs.45 crore) as per schedule
- Substantial and sustainable growth in revenues or operating margins
- Efficient working capital management
- Future capital expenditure and its funding mix thereof

**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.

**About the Company**

Incorporated in 2012, the Chennai-based CPSPL was promoted by Mr. R. Vaikunth and Mr. V Prasath who possess over a decades experience in a similar line of business. The company specialises in mechanical, electrical and plumbing (MEP) work for industrial projects. It has a 150 member team and has already completed projects for reputed customers such as Saint Gobain, Toshiba, Michelin among others in the last three years.

For FY2014-15, CPSPL reported profit after tax (PAT) of Rs.0.69 crore, on operating income of Rs.14.62 crore, as compared with PAT of Rs.0.42 crore on operating income of Rs.8.04 crore in the previous year.

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