



SMERA RATINGS LIMITED

# Theme Engineering Services Private Limited (Theme Engineering)

*Rating  
Rationale***February 22, 2016**

Facility	Amount (Rs. Crore)	Rating
Bank Guarantee	15.00	SMERA A3 (Assigned)

SMERA has assigned rating of '**SMERA A3**' (read as **SMERA A three**) to the Rs.15.00 crore short term (non-fund based) bank facility of Theme Engineering Services Private Limited (Theme Engineering). The rating is supported by the company's long track record of operations and experienced promoters in the EPC consultancy industry. The rating also draws support from the healthy financial risk profile marked by NIL leverage (debt/equity), profitability and coverage indicators. The interest coverage of the company stood at 23.97 times in FY2014-15 as compared to 18.42 times in the previous year. The operating profit was 18.51 per cent in FY2014-15 as compared to 11.45 per cent in the previous year. However, the rating is constrained by risks inherent in the sector and non-allotment of orders by government agencies.

## Rating Sensitivity Factors

- Timely execution of orders
- Improvement in the collection period
- Revenue and profitability profile

## About the Company

The Rajasthan-based, Theme Engineering, established in 2002 was promoted by Mr Rawat and family. The company offers consultancy services such as surveying, designing, construction among others for civil construction projects. The company has interest bearing unsecured loan worth Rs.2.20 crore from promoters, friends and relatives that are subordinated to bank debt. SMERA has treated such unsecured loans as quasi-equity.

For FY2014-15, the company reported profit after tax (PAT) of Rs.4.96 crore on operating income of Rs.40.61 crore, as compared with profit after tax (PAT) of Rs.2.54 crore on operating income of Rs.34.92 crore in FY2013-14. The net worth of the company stood at Rs.19.51 crore as on March 31, 2015 against Rs.14.33 crore a year earlier.

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