

**March 12, 2016**

Facilities	Amount (Rs. Crore)	Ratings
<b>Cash Credit</b>	<b>4.00</b>	<b>SMERA BB-/Stable (Assigned)</b>
<b>Cash Credit (Proposed)</b>	<b>1.00</b>	<b>SMERA BB-/Stable (Assigned)</b>
<b>Term Loan (Proposed)</b>	<b>1.00</b>	<b>SMERA BB-/Stable (Assigned)</b>
<b>Bank Guarantee</b>	<b>1.50</b>	<b>SMERA A4+ (Assigned)</b>
<b>Bank Guarantee (Proposed)</b>	<b>2.50</b>	<b>SMERA A4+ (Assigned)</b>

SMERA has assigned a rating of '**SMERA BB-**' (read as SMERA double B minus) to the Rs.6.00 crore fund-based bank facilities and '**SMERA A4+**' (read as SMERA A four plus) to the Rs.4.00 crore non fund-based bank facilities of PMA Construction Company (PCC). The outlook is '**Stable**'. The ratings are supported by the firm's experienced management, comfortable financial risk profile and healthy order book position. However, the ratings are constrained by the small scale of operations, high working capital intensity and dependence on government orders.

### **Rating Sensitivity Factors**

- Ability to scale up operations while maintaining profitability
- Efficient working capital management
- Deterioration in the capital structure

### **Outlook: Stable**

SMERA believes PCC will maintain a Stable business profile over the medium term owing to its experienced management. The outlook may be revised to 'Positive' if the company registers more than expected growth in revenues while achieving improvement in profitability. Conversely, the outlook may be revised to 'Negative' in case of high working capital requirements increasing the pressure on margins.

### **About the Firm**

PCC, established in 1999, is a Nagpur-based partnership firm, promoted by Mr. Subhash M. Agrawal and Mr. Ashok M. Agrawal. The firm is engaged in construction, repairs, renovation, widening and improvement of roads for government bodies such as the Public Works Department, Maharashtra State Road Development Corporation, Nagpur Municipal Corporation among others.

For 2014-15, PCC reported net profit after tax (PAT) of Rs.0.61 crore on operating income of Rs.18.05 crore as against PAT of Rs.0.58 crore on operating income of Rs.18.19 crore for the previous year. The tangible net worth stood at Rs.5.47 crore in FY2014-15 as against Rs.4.75 crore in the previous year.

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