

Meenesh Contractors & Developers Private Limited: Assigned

Name of the Instruments	Amount (Rs Crore)	Ratings/Outlook
Cash Credit	0.50	SMERA BB /Stable (Assigned)
Bank Guarantee	4.45	SMERA A4+ (Assigned)
Proposed Cash Credit	0.50	SMERA BB/ Stable (Assigned)
Proposed Bank Guarantee	10.55	SMERA A4+ (Assigned)

SMERA has assigned ratings of '**SMERA BB**' (read as **SMERA double B**) and '**SMERA A4+**' (read as **SMERA A four plus**) on the above mentioned bank facilities of Meenesh Contractors & Developers Private Limited (MCDPL). The outlook is '**Stable**'. The ratings draw comfort from the experienced management, long track record of operations, moderate financial risk profile and healthy order book position. However, the ratings are constrained by the small scale of operations, intense competition and high dependence on government orders.

MCDPL has been in operation since 2004. The promoters possess experience of over a decade in the civil construction business. The financial risk profile has been moderate marked by low gearing of 0.22 times as on 31 March, 2015. The coverage indicator of MCDPL has improved from 3 times in FY2014-15 to 4.29 times in FY2015-16. MCDPL has net worth of Rs.7.33 crore as on March 31, 2016. The company has healthy order book position with unexecuted orders in hand of approximately Rs.42.76 crore as on 31st March 2016

However, MCDPL operates on a small scale. The operating income stood at Rs.28.71 crore in FY2015 as compared to Rs.21.35 crore in FY2014. The company registered revenue of Rs.35.50 crore in FY2016 (Provisional). The company is exposed to intense competition in the civil construction business and risks related to the tender based business. The company caters only to government departments increasing its customer concentration risk. The bank limit utilisation has been around 100 per cent for six months ended March 2016.

Rating Sensitivity Factors

- Scaling up operations while maintaining profitability
- Efficient working capital management
- Timely completion of project

Outlook-Stable

SMERA believes MCDPL will maintain a Stable outlook over the medium term owing to the experienced management, healthy order book position and moderate financial risk profile. The outlook may be revised to 'Positive' in case the company registers more than expected growth in revenues while achieving improvement in profitability with successful sourcing and execution of projects. Conversely the outlook may be revised to 'Negative' in case of delays in project execution leading to low profitability.

About the Company

MCDPL was incorporated in 2003. The company, a civil contractor and developer, caters to government departments including Public Works Department, Indian Railway Department, Rajasthan State Warehousing Corporation among others. The company owns 10 mines and hence is not exposed to raw material price fluctuation risk.

For FY2014-15, MCDPL reported net profit of Rs.0.80 crore on operating income of Rs.28.71 crore, as compared with profit after tax (PAT) of Rs.0.89 crore on operating income of Rs.21.35 crore in FY2013-14.

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ABOUT SMERA

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