

January 13, 2015

Facilities	Amount (Rs. Crore)	Ratings
<b>Cash Credit</b>	<b>2.00</b>	<b>SMERA BB/ Stable (Assigned)</b>
<b>Bank Guarantee</b>	<b>17.50</b>	<b>SMERA A4+ (Assigned)</b>
<b>Cash Credit (proposed)</b>	<b>20.25</b>	<b>SMERA BB/ Stable (Assigned)</b>
<b>Bank Guarantee (proposed)</b>	<b>20.25</b>	<b>SMERA A4+ (Assigned)</b>

SMERA has assigned ratings of '**SMERA BB**' (**read as SMERA double B**) to the Rs.22.25 crore long-term (fund based) bank facilities and '**SMERA A4+**' (**read as SMERA A four plus**) to the Rs.37.75 crore short-term (non-fund based) bank facilities of Skylark Securitas Private Limited (SSPL). The outlook is '**Stable**'. The ratings draw comfort from the company's experienced management, established operations and moderate financial risk profile. However, the ratings are constrained by the risk of shortfall in toll collected by the company against fixed commitments to National Highways Authority of India (NHAI). The ratings are also constrained by the company's exposure to intense competition in its areas of operation.

SSPL, incorporated in 2003, is a Gurgaon-based company engaged in operating toll plazas on contract basis. SSPL also provides manpower services. The company benefits from its experienced management. Mr. T. C. Rao, chairman of SSPL, has around 10 years of experience in the company's line of business. SSPL has managed operations of ~48 toll plazas since inception. The company reported healthy net profit margin of 3.39 per cent in FY2012-13 (refers to financial year, April 01 to March 31). SSPL's strong debt protection metrics are reflected in leverage (debt-equity ratio) of 0.46 times as on March 31, 2013 and interest coverage ratio of 3.68 times in FY2012-13.

SSPL's rating is constrained by the risk of shortfall in toll collections against fixed commitments to NHAI. The company faces intense competition in its areas of operation.

### Outlook: Stable

SMERA believes SSPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the company generates steady cash flows from toll collections while achieving improvement in profitability. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the company's liquidity position and financial risk profile.

**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

SSPL, incorporated in 2003, is a Gurgaon-based company promoted by Mr. T. C. Rao. SSPL operates toll plazas on contract basis. The company also provides manpower services.

For FY2012-13, SSPL reported net profit of Rs.4.48 crore on total income of Rs.132.07 crore, as compared with net profit of Rs.2.51 crore on total income of Rs.83.22 crore in FY2011-12. The company registered revenue of Rs.219.34 crore (provisional) in FY2013-14. SSPL's net worth stood at Rs.37.15 crore as on March 31, 2013, as compared with Rs.32.67 crore a year earlier.

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