



SMERA RATINGS LIMITED

# Skylark Securitas Private Limited (SSPL)

## Rating Rationale

**January 13, 2015**

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

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.

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## 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.

Media/Business Development	Analytical Contacts	Rating Desk
Mr. Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 9820802479 Email: <a href="mailto:antony.jose@smera.in">antony.jose@smera.in</a> Web: <a href="http://www.smera.in">www.smera.in</a>	Mr. Ashutosh Satsangi Vice President – Operations Tel: +91-22-6714 1107 Email: <a href="mailto:ashutosh.satsangi@smera.in">ashutosh.satsangi@smera.in</a>	Tel: +91-22-6714 1170 Email: <a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a>

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