

December 12, 2013

Facilities	Amount (Rs. Crore)	Ratings
Bank Overdraft	8.00	SMERA B-/Stable (Assigned)
Proposed long-term bank facilities	0.09	SMERA B-/Stable (Assigned)

SMERA has assigned a long-term rating of '**SMERA B-/Stable**' (read as **SMERA Single B minus**) to the above-mentioned bank facilities of bank facilities of Dolphin Scaffolding Private Limited (DSPL). The outlook is '**Stable**'. The ratings are constrained by the company's short track record and moderate scale of operations amidst intense competition prevalent in the construction equipments industry. The ratings are further constrained by the company's low profit margins and moderate projected leverage. However, the ratings are supported by the company's experienced management.

DSPL, incorporated in August 2013, is a Delhi-based company engaged in trading of scaffoldings and construction equipments. DSPL has a moderate scale of operations with revenues of Rs.48.52 crore in FY2012-13 (refers to financial year, April 01 to March 31). The company faces intense competition from several players in the unorganized sector of the construction equipments industry. DSPL's net profit margin is low at 0.13 per cent in FY2012-13. DSPL's leverage is projected at 1.72 times as on March 31, 2014 due to the recently availed bank overdraft facility.

DSPL benefits from its experienced management. Mr. Sajan Kalra, Director of DSPL, has ten years of experience in the construction equipment industry.

Outlook: Stable

SMERA believes DSPL will maintain its moderate business risk profile in the medium term on the back of its experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected revenues and profit margins while achieving better working capital management. Conversely, the outlook may be revised to 'Negative' in case of further stretch in the company's working capital cycle or in case of deterioration in the company's capital structure.

About the company

DSPL, incorporated on August 31, 2013, is a Delhi-based company promoted by Mr. Sajan Kalra and Mrs. Varsha Kalra. DSPL was established to take over the running business of Aadhunik Ispaat Udyog (Aadhunik) — a proprietorship firm engaged in trading of scaffoldings and construction equipments. Aadhunik was promoted in 2007 by Mr. Sajan Kalra.

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For FY2012–13, Aadhunik Ispaat Udyog (now taken over by DSPL) reported PAT of Rs.0.06 crore on operating income of Rs.48.52 crore, as compared with PAT of Rs.0.05 crore on operating income of Rs.35.82 crore for FY2011–12. Aadhunik's net worth stood at Rs. 2.40 crore as on March 31, 2013, as compared with Rs.2.37 crore a year earlier.

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