

May 22, 2015

Facilities	Amount (Rs. Crore)	Ratings
<b>Cash Credit</b>	<b>3.25</b>	<b>SMERA BB/Stable (Reaffirmed)</b>
<b>Bank Guarantee</b>	<b>4.00</b>	<b>SMERA A4+ (Reaffirmed)</b>
<b>Cash Credit (proposed)</b>	<b>1.00</b>	<b>SMERA BB/Stable (Assigned)</b>

SMERA has reaffirmed the long-term rating of '**SMERA BB**' (read as **SMERA double B**) and short-term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs.8.25 bank facilities of Sanrachana Structural Strengthening Private Limited (SSSPL). The outlook is '**Stable**'. The ratings continue to draw comfort from the company's experienced management, healthy profit margins, low leverage and reputed clientele. However, the ratings remain constrained by the company's small-scale operations and working-capital intensive business. The ratings are also constrained by the company's exposure to intense competition.

### Update

SSSPL reported net profit of Rs.2.95 crore on operating income of Rs.23.33 crore in FY2013-14 (refers to financial year, April 01 to March 31), as compared with net profit of Rs.1.37 crore on operating income of Rs.19.47 crore in FY2012-13. The company registered PAT of Rs.1.48 crore (provisional) on revenue of Rs.17.00 crore (provisional) during April 2014 to December 2014. SSSPL has a strong order book position with pending orders of Rs.18.02 crore, which are likely to be executed over the next one year.

SSSPL has purchased a commercial property in Mumbai for Rs.10.00 crore. The purchase consideration was funded through mix of term loan and internal accruals. The company has let out the property on rent of ~Rs.1.50 crore per annum.

SSSPL's operating profit margin improved to 20.43 per cent in FY2013-14 from 10.80 per cent in FY2012-13 on the back of other income.

### Outlook: Stable

SMERA believes SSSPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' in case the company registers strong growth in revenue while maintaining healthy profit margins. The outlook may be revised to 'Negative' in case of sharp decline in the company's revenue and profit margins.

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## About the company

SSSPL was incorporated in 2010 to take over the running business of Sanrachana, a proprietorship concern established in 2004 by Dr. Mangesh Joshi. SSSPL undertakes structural repairs and modifications, structural restoration, seismic retrofitting, waterproofing and protective coating works. The company is headquartered in Thane, Maharashtra. SSSPL has branch offices in Delhi and Mumbai.

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