

Press Release

Sanrachana Structural Strengthening Private Limited

February 06, 2020



Rating Withdrawn

Total Bank Facilities Rated*	Rs. 8.25 Cr.
Long Term Rating	ACUITE BB (Withdrawn)
Short Term Rating	ACUITE A4+ (Withdrawn)

#Refer Annexure for details

Rating Rationale

Acuité has withdrawn the long-term rating of '**ACUITE BB**' (**read as ACUITE double B**) and short-term rating of '**ACUITE A4+**' (**read as ACUITE A four plus**) on the Rs. 8.25 crore bank facilities of Sanrachana Structural Strengthening Private Limited (SSSPL). The rating withdrawal is in accordance with the Acuité's 'policy on withdrawal of rating'.

The rating is being withdrawn on account of request received from the company and NOC from the banker.

SSSPL was incorporated in 2010 to take over the existing 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 and has two branch offices at Delhi and Mumbai.

Analytical approach

Acuité has taken a standalone view of the business and financial risk profile of SSSPL to arrive at this rating.

Key Rating Drivers

Strengths

- **Experienced management**

SSSPL benefits from its experienced management. Dr. Mangesh Joshi, Director, has a doctorate degree in civil engineering with around 10 years of experience in structural engineering. The promoter has developed healthy relations with customers and suppliers. SSSPL caters to reputed clients including Larsen & Toubro, HSBC Bank, Delhi Metro Rail, Steel Authority of India Ltd., Ratan Tata trust, K Raheja Group to name a few.

- **Average financial risk profile**

The company has average financial risk profile marked by net worth of Rs. 18.19 crore as on 31 March 2019 as against Rs. 16.34 crore as on 31 March 2018. The gearing stood healthy at 0.34 times as on 31 March 2019 as against 0.51 times as on 31 March 2018. Interest Coverage Ratio (ICR) stood at 5.09 times for FY2019 as against 6.08 times for FY2018. Further, TOL/TNW stood at 0.69 times as on March 31, 2019 as against 1.01 times as on March 31, 2018. Debt / EBITDA stood at 1.40 times in FY2019 against 1.74 times in FY2018.

Weaknesses

- **Moderate working capital operations**

The working capital operations of the company are moderate marked by Gross Current Assets (GCA) of 151 days in FY2019, which has improved from 225 days in FY2018. The debtor days have decreased to 43 days for FY2019 as compared to 73 days for FY2018. Further, the inventory days stood at 73 days in FY2019 against 76 days in FY2018.

Liquidity Profile: Adequate

The company has adequate liquidity marked by moderate net cash accruals in the range of Rs. 2.00 –

3.00 crores against debt obligations of Rs. 1.00 – 2.00 crores in the last three years. The company has moderate working capital operations marked by GCA days of 151 days for FY2019. The company maintains unencumbered cash and bank balances of Rs. 0.11 crore as on 31 March 2019. The current ratio stood at 2.96 times as on 31 March 2019.

Rating Sensitivities

Not Applicable

Material Covenants

None

Outlook

Not Applicable

About the Rated Entity Financials

	Unit	FY19 (Actual)	FY18 (Actual)
Operating Income	Rs. Cr.	36.53	27.75
PAT	Rs. Cr.	1.88	2.30
PAT Margin	(%)	5.15	8.28
Total Debt/Tangible Net Worth	Times	0.34	0.51
PBDIT/Interest	Times	5.09	6.08

Status of non-cooperation with previous CRA (if applicable):

None

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

- Infrastructure Entities: <https://www.acuite.in/view-rating-criteria-14.htm>
- Application of Financial Ratios and Adjustments: <https://www.acuite.in/view-rating-criteria-20.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-17.htm>

Note on complexity levels of rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Up to last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
13-June-2019	Cash Credit	Long Term	5.00	ACUITE BB (Indicative)
	Bank Guarantee	Short Term	3.25	ACUITE A4+ (Indicative)
03-Apr-2018	Cash Credit	Long Term	5.00	ACUITE BB / Stable (Reaffirmed)
	Bank Guarantee	Short Term	3.25	ACUITE A4+ (Reaffirmed)
19-Sep-2017	Cash Credit	Long Term	4.00	ACUITE BB (Indicative)
	Proposed Cash Credit	Long Term	0.25	ACUITE BB (Indicative)
	Bank Guarantee	Short Term	4.00	ACUITE A4+ (Indicative)

#Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE BB (Withdrawn)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	3.25	ACUITE A4+ (Withdrawn)

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About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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