



**Press Release**  
**Suryadipta Projects Private Limited**  
**October 27, 2023**  
**Rating Assigned**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	6.00	ACUITE BB-   Stable   Assigned	-
Bank Loan Ratings	14.00	-	ACUITE A4   Assigned
Total Outstanding Quantum (Rs. Cr)	20.00	-	-

**Rating Rationale**

ACUITE has assigned its long term rating of **"ACUITE BB-"** (read as **ACUITE double B minus**) and short term rating of **"ACUITE A4"** (read as **ACUITE A four**) on the Rs 20.00 cr bank facilities of Suryadipta Projects Private Limited (SPPL). The Outlook is 'Stable'.

**Rationale for Rating**

The rating assigned takes into consideration the established track record of operations of the company and experience of the promoters in the Maritime industry. The rating also draws comfort from improvement in operating income. SPPL has recorded a growth in its operating income on y-o-y basis. The operating income stood at Rs.28.40 crore in FY23 (Prov.) as against Rs.18.24 crore in FY22 and Rs.11.11 crore in FY21. The rating also factors in adequate liquidity position. These strengths are however partially offset by the company's intensive nature of working capital operations, average financial risk profile with a below unity DSCR and exposure to risks related to cyclical nature of the industry and customer concentration risk.

**About the Company**

Incorporated in 1998 in Thane, Maharashtra, Suryadipta Projects Private Limited manufactures ship vessel and process equipment for diversified industries at Mumbai, Maharashtra. The Directors of the company are Mr. Shyamashish Subal Ghoshal, Mr. Bandana Ghoshal and Mr. Suryadipta Shyamashish Ghoshal.

**Unsupported Rating**

None

**Analytical Approach**

Acuite has taken the standalone view on the business and financial risk profile of Suryadipta Projects Private Limited (SPPL).

**Key Rating Drivers**

**Strengths**

**Extensive experience of management and established track record of operations**

SPPL is based out of Maharashtra and was incorporated in 1998 reflecting its long track record of operations in the sector. The promoters of the company, are Mr. Shyamashish Subal Ghoshal, Mr. Bandana Ghoshal and Mr. Suryadipta Shyamashish Ghoshal have been working in the aforementioned industry for over more than two decades. The operations of the

company are managed by its promoters who are ably supported by a qualified and well experienced senior management team. The experience of the promoters and long track

record of operations in the sector has helped the company to maintain healthy and long term relationships with both its customers and suppliers. The key customers of the company include names such as Indian Navy, MKC Infrastructure Limited, Sds Offshore Private Limited, Bharat Jeavy Electricals Limited etc.

Acuité believes SPPL will continue to benefit over the medium term from its longstanding association with its key customers as well as suppliers.

### **Growth in scale of operations**

The company witnessed the turnover of Rs.28.40 Crore in FY23 (Prov) against Rs.18.24 Crore in FY22 and Rs.11.11 crore in FY21. The increase in the revenue is on an account of increase in the execution of orders. The Order book is 2x times of the operating revenue of the company. Also the EBITDA margins of the company stood at 5.49% in FY23 (Prov) against 7.61% in FY22 and the PAT margins of the company stood at 2.33% in FY23 (Prov) against 1.57% in FY22. The margins of the company vary due to volatility in raw material prices which resulted into fluctuation in the margins of the company and company also give work on sub-contact basis in order to meet deadlines, which also raises direct costs. The company have achieved a revenue of approximately Rs.15 Crore till September. Going forward, the company is expected to complete the existing order book of Rs 56.66 Crore which provides a revenue visibility in near to medium term along with better margins.

Acuite believes that the company's ability to improve its scale of operations while maintaining profitability will remain a key rating sensitivity.

### **Weaknesses**

#### **Intensive working capital operations**

SPPL's working capital operations are intensive evident from GCA days of 347 days in FY23 (Prov) as against 418 days in FY22. The GCA days are majorly driven by the elongated debtor collection period. The debtor collection period of the company improved though remain high at 267 days in FY23 (Prov) as against 282 days in FY22. Inventory holding period of the company stood at 56 days in FY23 (Prov) as against 23 days in FY22. Higher inventory holding in FY23 is on account of higher orders for shipbuilding at the end of financial year. The creditor days of the company stood at 60 days in FY23(Prov) as against 109 days in FY22.

Acuité believes that the working capital management of the company may continue to remain intensive considering the nature of business.

### **Average Financial Risk Profile**

The financial risk profile of the company is average marked by lower net-worth, moderate gearing and average debt protection metrics. The financial risk profile of the company is marked by net worth of Rs.4.65 Crore as on 31st March 2023 (Prov) against Rs.3.99 Crore as on 31st March 2022. The increase in the net worth is on an account of accumulation of profits in reserves. Further, the total debt of the company stood at Rs.5.75 Crore as on 31st March 2023 (Prov) against Rs.3.21 Crore as on 31st march 2022. The long term borrowings are term loans of Rs.2.93 Crore for the on-going capital expenditure of Rs.10.00 Crore approximately related to the development of the infrastructure for the business which will be funded through in the proportion of the 60% of debt and 40% of equity, unsecured loans of Rs.0.22 Crore and short term debt of Rs.2.31 Crore as on 31st March 2023 (Prov).

The gearing ratio of the company increased on an account of term loans availed by the company which stood at 1.24 times as on 31st March 2023 (Prov) against 0.81 times as on 31st March 2022. The TOL/TNW ratio of the company stood at 5.85 times as on 31st March 2023 (Prov) against 4.58 times as on 31st March 2022. Further, the DSCR and ICR of the company stood at 1.26 times and 2.19 times respectively as on 31st March 2023 (Prov) against 0.89 times and 1.41 times as on 31st March 2022.

Acuite believes that the financial risk profile of the company is likely to improve in the near to medium term despite the incremental long term debt on account of the capital expenditure along with infusion of equity of equity in business to support the capital expenditure.

### **Exposure to risks related to cyclicity of the industry and customer concentration**

The ship repairs and ship building orders depend on the demand sentiments in the economy. Further, the operations of the company are tender based in nature and highly dependent on the tenders floated by the government shipping companies. Hence, the operating

performance of the company is susceptible to successful award of tenders and the cyclical nature in industry due to weak economic sentiments. Additionally, SPPL also faces a customer concentration risk as ~60 percent of the revenue of the company is contributed by top three customers in the last year.

### **Rating Sensitivities**

- Significant improvement in operating income while maintaining profitability
- Further elongation in working capital cycle leading to stretch in liquidity
- Deterioration in the financial risk profile

### **All Covenants**

None.

### **Liquidity Position Adequate**

The liquidity profile of the company is adequate. The company have generated net cash accruals of Rs.0.69 Crore as on 31st March 2023 (Prov) against the debt repayment obligation of Rs.0.39 Crore in same period. The company is expected to generate sufficient net cash accruals against the debt repayment obligation in near to medium term. The current ratio of the company stood at 1.31 times as on 31st March 2023 (Prov). The average fund based bank limit utilization of the company stood at 72.04% in last twelve months ending July 2023.

### **Outlook: Stable**

Acuité believes SPPL will maintain 'Stable' business risk profile in the medium term on the back of established operational track record, long standing experience of the promoters in the business and established relations with reputed customers and suppliers. The outlook may be revised to 'Positive' in case of improvement in case of sustained improvement in operating income while maintaining its profitability and improvement in working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of lower than expected operating performance or elongation of working capital cycle.

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Provisional)	FY 22 (Actual)
Operating Income	Rs. Cr.	28.40	18.24
PAT	Rs. Cr.	0.66	0.29
PAT Margin	(%)	2.33	1.57
Total Debt/Tangible Net Worth	Times	1.24	0.81
PBDIT/Interest	Times	2.19	1.41

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

Not applicable.

### Any other information

Not applicable.

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Entities In Manufacturing Sector:- <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

### Rating History :

None

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Yes Bank Ltd	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	14.00	ACUITE A4   Assigned
Yes Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	3.00	ACUITE BB-   Stable   Assigned
Yes Bank Ltd	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	3.00	ACUITE BB-   Stable   Assigned

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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 Kanjurmarg, Mumbai.

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