



Press Release
Suryadipta Projects Private Limited
January 22, 2025
Rating Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	6.00	ACUITE BB Stable Upgraded	-
Bank Loan Ratings	14.00	-	ACUITE A4+ Upgraded
Total Outstanding Quantum (Rs. Cr)	20.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded the long term rating to '**ACUITE BB**' (read as **ACUITE double Bf**) from '**ACUITE BB-**' (read as **ACUITE double B minus**) and short term rating to '**ACUITE A4+**' (read as **ACUITE A four plus**) from '**ACUITE A4**' (read as **ACUITE A four**) on Rs.20.00 Cr. bank facilities of Suryadipta Projects Private Limited (SPPL). The outlook is '**Stable**'.

Rationale for upgrade

The rating takes into consideration the established track record of operations of the company and extensive experience of the promoters in the industry. The rating draws comfort by the improvement in operating and profitability margins. The operating income stood at Rs.34.72 crore in FY24 along with EBITDA margin at 8.28% and PAT margin at 4.55% in FY2024 as against 5.21% and 2.33% in FY2023. The rating also factors in the improved gearing at 1.09 times as on 31st March 2024 as against 1.24 times as on 31st March 2023 and improved debt protection metrics reflected by interest coverage ratio and debt service coverage ratio of the company which stood at 3.79 times and 2.19 times respectively as on 31st March 2024. Further, the working capital operations improved marked by GCA days which stood at 231 days as on 31st March 2024 against 348 days as on 31st March 2023 as well as liquidity position is adequate marked by adequate cash accruals to its maturing debt obligations. However, these strengths are partially offset by the exposure to risks related to cyclical nature of the industry and customer concentration risk.

About the Company

Thane, Maharashtra based, Suryadipta Projects Private Limited was incorporated in 1998. The company is engaged in the business of 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

Not Applicable

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, Bharat Heavy 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.

Improvement in scale of operations

The company clocked an operating income of Rs.34.72 Crore in FY2024 as against Rs.28.40 Crore in FY2023. The EBITDA margins of the company increased and stood at 8.28% in FY2024 against 5.21% in FY2023. Likewise, the PAT margins of the company stood at 4.55% in FY2024 against 2.33% in FY2023. The increase in the revenue and margins is on an account of increase in the orders executed by the company. Further, the company has also enhanced its total production capacity in FY2024 to 900 ton and 1600 ton from 750 ton and 1500 ton for Heavy engineering and Shipbuilding respectively. This includes production by SPPL as well as through sub-contract basis. In addition, the stability in revenue is backed by an unexecuted healthy order book position to the tune of Rs.96.70 crores as on 31st December, 2024. The orders are primarily for manufacture of ship vessels and process equipment for diversified industries from reputed clientele including Indian Navy, Bharat Heavy Electricals Limited etc. Further, the company have achieved a revenue of approximately Rs.17.50 Crore as on 31st December, 2024 and is expecting to clock around Rs.40.00 Cr. along with better margins in FY2025 on an account of execution of the order book. Acuité believes that the company will continue to sustain its order book position and maintain its business risk profile over the medium term.

Weaknesses

Average Financial risk profile

The financial risk profile of the company is average marked by net-worth of Rs.6.23 Crore as on 31st March 2024 against Rs.4.65 Crore as on 31st March 2023. The increase in the net-worth is on an account of accretion of profits into reserves. Further, the total debt of the company stood at Rs.6.79 Crore as on 31st March 2024 as against Rs.5.75 Crore as on 31st March 2023. The capital structure of the company is marked by gearing ratio of the company which stood at 1.09 times as on 31st March 2024 as against 1.24 times as on 31st March 2023. Further, the coverage indicators of the company improved reflected by interest coverage ratio and debt service coverage ratio of the company which stood at 3.79 times and 2.19 times respectively as on 31st March 2024 as against 2.19 times and 1.26 times respectively as on 31st March 2023. The TOL/TNW ratio of the company stood at 3.29 times as on 31st March 2024 as against 5.85 times as on 31st March 2023 and DEBT-EBITDA of the company stood at 2.23 times as on 31st March 2024 as against 3.39 times as on 31st March 2023. Acuité believes that going forward the financial risk profile of the company may moderate in near to medium term on an account of debt-funded capex plan for development of shipyard with an estimated project cost of Rs.8.00 Cr., despite same it is expected to remain in comfortable range.

Intensive Working capital operations

The working capital operations of the company are improved yet intensive marked by GCA days which stood at 231 days as on 31st March 2024 against 348 days as on 31st March 2023. The inventory and debtor days of the company stood at 164 days and 21 days respectively as on 31st March 2024 as against 266 days and 56 days respectively as on 31st March 2023. The company is following payment realization method wherein they have stopped extending credit period to customers, which majorly lead to improvement in the debtor collection efficiency as compared to previous year. On the other hand, the creditor days of the company stood at 54 days as on 31st March 2024 as against 64 days as on 31st March 2023. In addition, the average fund based bank limit utilization of the company stood at 75.49% approximately in last six months ended December 2024. Acuité believes that working capital operations of the company are expected to remain in similar range due to nature of operations.

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 cyclicity in industry due to weak economic sentiments. Additionally, SPPL also faces a customer concentration risk as around 60 percent of the revenue of the company has been contributed by single customer profile in FY2024.

Rating Sensitivities

- Movement in operating income while maintaining profitability
- Elongation in working capital cycle
- Sustainability of Financial risk profile

Liquidity Position

Adequate

The liquidity profile of the company is marked by adequate cash accruals to its maturing debt obligations. The company has generated net cash accruals of Rs.1.61 Cr. as on 31st March 2024 as against the debt repayment obligation of Rs.0.30 Cr. over the same period. Going forward, the company is expected to generate net cash accruals under the range of Rs.1.90 Cr. to Rs.2.00 Cr. against the debt repayment obligations of upto Rs.1.00 Cr. over the same period. The current ratio of the company stood at 1.56 times as on 31st March 2024 as against 1.31 times as on 31st March 2023. Further, the cash and bank balance available with the company stood at Rs.2.19 Cr. as on 31st March 2024. Acuité believes that going forward the company will maintain adequate liquidity position due to steady accruals.

Outlook: Stable**Other Factors affecting Rating**

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	34.72	28.40
PAT	Rs. Cr.	1.58	0.66
PAT Margin	(%)	4.55	2.33
Total Debt/Tangible Net Worth	Times	1.09	1.24
PBDIT/Interest	Times	3.79	2.19

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <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, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
27 Oct 2023	Bank Guarantee (BLR)	Short Term	14.00	ACUITE A4 (Assigned)
	Cash Credit	Long Term	3.00	ACUITE BB- Stable (Assigned)
	Term Loan	Long Term	3.00	ACUITE BB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Yes Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	14.00	Simple	ACUITE A4+ Upgraded (from ACUITE A4)
Yes Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE BB Stable Upgraded (from ACUITE BB-)
Yes Bank Ltd	Not avl. / Not appl.	Term Loan	20 Dec 2022	Not avl. / Not appl.	20 Dec 2037	3.00	Simple	ACUITE BB Stable Upgraded (from ACUITE BB-)

Contacts

Mohit Jain Senior Vice President-Rating Operations	Contact details exclusively for investors and lenders
Archita Sharma Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

About Acuité Ratings & Research

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