

Press Release

D Thakkar Constructions Private Limited

07 May, 2018



Rating Downgraded

Total Bank Facilities Rated*	Rs. 291.00 Cr.
Long Term Rating	SMERA D (Downgraded from SMERA BBB-/Stable)
Short Term Rating	SMERA D (Downgraded from SMERA A3)

**Refer annexure for details*

SMERA has downgraded the long term rating to '**SMERA D**' (read as **SMERA D**) from '**SMERA BBB-**' (read as **SMERA triple B minus**) and short term rating to '**SMERA D**' (read as **SMERA D**) from '**SMERA A3**' (read as **SMERA A three**) on the Rs. 291.00 cr. bank facilities of D THAKKAR CONSTRUCTIONS PRIVATE LIMITED.

The downgrade is in view of delays in servicing the debt obligation on account of stretched liquidity position.

D Thakkar Constructions Private Limited (DTCPL), incorporated in 2004, is engaged in execution of contracts for railways, irrigation, water supply schemes, tunnels, river barrage, roads and bridges. DTCPL also owns specialized equipment such as piling rigs and diaphragm wall machinery which it leases out to other companies. The company has reputed clientele such as Central Railway, Madhya Pradesh Government, Vishakhapatnam Port Trust, Bhabha Atomic Research Centre and Bharat Heavy Electrical Limited and others.

Key rating drivers

Strengths

Established track record of operations with experienced management

The promoter, Mr. Praveen Thakkar has been engaged in the civil construction business since 1980. Prior to promoting DTCPL in 2004, Mr. Praveen Thakkar was a part of SN Thakkar, Partnership firm, established in 1980, engaged in civil construction work. Mr. Vishal Thakkar, Director also possesses more than 15 years' experience in the same industry.

DTCPL has executed projects in irrigation, building roads and bridges, fabrication and erection on an engineering, procurement and construction basis. Further, the company is also engaged in construction of specialised structures like Diaphragm Walls (D-Walls) for underground metros, dams and barrages.

Weaknesses

Delays in servicing debt obligations

DTCPL has been facing significant liquidity pressure on account of delayed realisation from its clients which has impeded its ability to meet its debt obligation in a timely manner. The account has been persistently irregular on account of continuous Letter of Credit (LC) devolvement.

Analytical approach:

SMERA has considered the standalone business and financial risk profiles of DTCPL to arrive at the rating.

About the Rated Entity - Key Financials

	Unit	FY17 (Prov.)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	410.28	455.89	421.27
EBITDA	Rs. Cr.	73.43	87.60	82.14
PAT	Rs. Cr.	13.84	16.96	18.32
EBITDA Margin	(%)	17.90	19.22	19.50
PAT Margin	(%)	3.37	3.72	4.35
ROCE	(%)	12.80	15.40	14.42
Total Debt/Tangible Net Worth	Times	1.17	1.16	1.36
PBDIT/Interest	Times	1.86	1.95	2.20
Total Debt/PBDIT	Times	3.46	2.83	3.21
Gross Current Assets (Days)	Days	454.30	342.45	324.55

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

None

Any other information:

Mr. Jigar Thakkar (s/o Mr. Praveen Thakkar, and Director of DTCPL) passed away on February 27, 2018.

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Entities in Infrastructure Sector - <https://www.smera.in/criteria-infra.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
31-Aug-2017	Cash Credit	Long Term	70.00	SMERA BBB-/ Stable (Assigned)
	Standby Line of Credit	Long Term	5.00	SMERA BBB-/ Stable (Assigned)
	Bank Guarantee	Short Term	160.00	SMERA A3 (Assigned)
	Letter of Credit	Short Term	48.00	SMERA A3 (Assigned)
	Proposed Short Term Loan	Short Term	7.00	SMERA A3 (Assigned)
	Secured Overdraft	Long Term	1.00	SMERA BBB-/ Stable (Assigned)

Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	70.00	SMERA D (Downgraded from SMERA BBB-/Stable)
Standby Line of Credit	Not Applicable	Not Applicable	Not Applicable	5.00	SMERA D (Downgraded from SMERA BBB-/Stable)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	160.00	SMERA D (Downgraded from SMERA A3)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	48.00	SMERA D (Downgraded from SMERA A3)
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	7.00	SMERA D (Downgraded from SMERA A3)
Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA D (Downgraded from SMERA BBB-/Stable)

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ABOUT SMERA

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