



Press Release

S K M Buildcon

October 11, 2018

Rating Assigned

Total Bank Facilities Rated*	Rs. 9.00 Cr.
Long Term Rating	ACUITE B+ / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B+** (read as **ACUITE B plus**) to the Rs. 9.00 crore bank facilities of S K M BUILDCON (SKMB). The outlook is '**Stable**'.

The Raipur based, SKMB is a partnership firm established in 2005 by Mr. Suresh Kumar Mrigani and Mr. Ravi Mrigani. The firm is engaged in civil construction and ancillary work for public works department and clients such as Tarwani group and Swarnbhumi to name a few.

Key Rating Drivers

Strengths

- Healthy order book position**

The order book position is healthy marked by pending orders of Rs.108.10 crore which is to be executed by FY2020. The firm has been in this line of business for over a decade which has helped the partners to form healthy relations with the customers.

Weaknesses

- Below average financial risk profile**

The financial risk profile is below average marked by low net worth, high gearing and moderate debt protection metrics. SKMB has a low net worth of Rs.4.46 crore in FY2018 (Provisional) as against Rs.4.26 crore in FY2017. The gearing stood high at 2.93 times in FY2018 (Provisional) as against 2.81 times in FY2017. The total debt of Rs.13.06 crore consists of term loan of Rs.0.14 crore, unsecured loan of Rs.4.02 crore and short term facilities of Rs.8.91 crore in FY2018 (Provisional). The debt protection metrics stood moderate with Interest Coverage Ratio (ICR) of 1.46 times in FY2018 (Provisional) as against 1.44 times in FY2017. Debt Service Coverage Ratio (DSCR) stood at 1.46 times in FY2018 (Provisional) as against 1.44 times in FY2017. Net Cash Accruals / Total Debt (NCA/TD) stood at 0.04 times in FY2018 (Provisional) as against 0.03 times in FY2017.

- Modest scale of operations**

The operations of the firm are modest marked by operating income of Rs.50.22 crore in FY2018 (Provisional) as against Rs.30.91 crore in FY2017. Acuité believes that the ability of the firm to scale up the operations will remain a key monitorable.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of SKMB to arrive at the rating.

Outlook: Stable

Acuité believes that the outlook on SKMB will remain 'Stable' over the medium term backed by the healthy order book position. The outlook maybe revised to 'Positive' in case of improvement in the financial risk profile. Conversely, the outlook maybe revised to 'Negative' in case of deterioration in the

financial risk profile of the firm.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	50.22	30.91	24.50
EBITDA	Rs. Cr.	1.50	1.02	1.02
PAT	Rs. Cr.	0.30	0.16	0.08
EBITDA Margin	(%)	2.99	3.30	4.17
PAT Margin	(%)	0.59	0.50	0.33
ROCE	(%)	7.95	6.75	17.54
Total Debt/Tangible Net Worth	Times	2.93	2.81	3.56
PBDIT/Interest	Times	1.46	1.44	1.37
Total Debt/PBDIT	Times	8.57	11.65	7.21
Gross Current Assets (Days)	Days	124	216	157

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

None

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Infrastructure Entities - <https://www.acuite.in/view-rating-criteria-14.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	9.00	ACUITE B+ / Stable

Contacts

Analytical	Rating Desk
Pooja Ghosh Head - Corporate and Infrastructure Sector Ratings Tel: 033-6620 1203 pooja.ghosh@acuite.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in
Shreyans Bantia Analyst - Rating Operations Tel: 033-66201210 shreyans.bantia@acuiteratings.in	

About Acuité Ratings & Research:

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