

Press Release

Startwise Private Limited

November 30, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 10.00 Cr.
Long Term Rating	ACUITE B- / Outlook: Stable
Short Term Rating	ACUITE A4

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE B-**' (read as **ACUITE B minus**) and short term rating of '**ACUITE A4**' (read as **ACUITE A four**) to the Rs. 10.00 crore bank facilities of Startwise Private Limited (SPL). The outlook is '**Stable**'.

Incorporated in 2016, SPL is a Bangalore based company. The company is engaged in civil construction and has commenced its operations in October 2018. The company received a sub-contract from Sudhakara Infratech Private Limited (SIPL) amounting Rs.76.89 crore to construct 28 roads under Pradhan Mantri Gram Sadak Yojana (PMGSY). The day to day operations of the company is managed by Mr. D. Mahesh Kumar.

Analytical Approach

Acuite has considered the standalone financial and business risk profile of SPL to arrive at the rating.

Key Rating Drivers

Strengths

• Experienced management

SPL has commenced its commercial operations from October, 2018. The company is promoted by Mr. Mahesh Kumar Donela (Managing Director) and other Directors, Mr. Venkat Gopal Donela and Mrs. Sonal Dave. The promoters have an experience of around a decade in solid waste management, mechanized road cleaning and garbage collection business. Also, has experience in marketing and distribution of maternity sampling packs to hospitals.

Weaknesses

• Project implementation

The company has received contract for construction of 28 roads from Sudhakara Infratech Private Limited (SIPL). The total construction cost is Rs.76.89 crore. The project implementation is at nascent stage of execution as construction has commenced from 19 October, 2018. The construction of roads is expected to be completed by October, 2019. Hence, the project is exposed to implementation risk in case of any time overruns.

• Competitive and fragmented industry

The company is engaged as a civil contractor. The particular sector is marked by the presence of several big size players. The company faces intense competition from the other players in the sectors. Risk become more pronounced as tendering is based on minimum amount of bidding of contracts.

• Tender based business

Major business is bagged through open tenders. Hence, the revenue earned is directly dependent upon the quantum of contracts bagged and executed during the year. Risk become more pronounced as tendering is based on minimum amount of bidding of contracts. The company has to do tendering on competitive prices; this may affect the profitability of the company.

Outlook: Stable

Acuite believes that SPL will maintain a 'Stable' outlook over the medium term from the industry experience of its partners. The outlook may be revised to 'Positive' if there is substantial and sustained improvement in SPL's operating income or profitability. Conversely, the outlook may be revised to 'Negative' in case of any further stretch in its working capital management leading to further deterioration of its financial risk profile.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)
Operating Income	Rs. Cr.	0.00	0.00
EBITDA	Rs. Cr.	-0.07	-0.03
PAT	Rs. Cr.	0.00	-0.03
EBITDA Margin	(%)	0.00	0.00
PAT Margin	(%)	0.00	0.00
ROCE	(%)	-0.83	-38.36
Total Debt/Tangible Net Worth	Times	-482.79	82.79
PBDIT/Interest	Times	3.94	-507.08
Total Debt/PBDIT	Times	49.21	-5.59
Gross Current Assets (Days)	Days	0	0

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

None

Any other information

None

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
Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE A4
Proposed Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	2.50	ACUITE B- / Stable
Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	2.50	ACUITE B- / Stable

Contacts

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About Acuité Ratings & Research:

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