

Press Release

Creative Developers

January 21, 2019

Rating Assigned



Total Bank Facilities Rated*	Rs. 1.00 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 minus**) to the Rs. 1.00 crore bank facilities of CREATIVE DEVELOPERS (CD). The outlook is '**Stable**'.

Creative Developer (CD) is a sole proprietorship firm engaged in civil construction business. It constructs bridges under sub-contract agreements with other parties for PWD and MPRRDA. The day to day operations are managed by its Proprietor, Mr. Irfan Khan and Director, Mr. Shamshul Khan. It has commenced with execution of contracts since 2017.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of CD to arrive at the rating.

Key Rating Drivers

Strengths

- **Experienced management**

CD has commenced its operations from FY2017. The firm is promoted by its proprietor; Mr. Irfan Khan and director, Mr. Shamshul Khan who possess collectively possess experience of over two decades in civil construction industry. Acuité believes that experience of the promoters will help the firm to maintain good relations with suppliers and customers and also in executing orders.

Weaknesses

- **Nascent stage of operations**

CD started its operations from FY2017. The operations are in initial stage and the firm will have to demonstrate optimal capacity utilisation so as to generate cash flows commensurate with its debt obligation.

- **Competitive and fragmented industry**

The firm is engaged as civil contractor. The particular sector is marked by the presence of several mid to big size players. The firm faces intense competition from the other players in the sector, majorly driven by tender based nature of business. Risk become more pronounced as tendering is based on minimum amount of bidding of contracts. However, this risk is mitigated to an extent as the management has been operating in this industry for twodecades.

Outlook: Stable

Acuité believes that CD 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 CD'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)	FY16 (Actual)
Operating Income	Rs. Cr.	1.51	0.27	NA
EBITDA	Rs. Cr.	0.13	0.07	NA
PAT	Rs. Cr.	0.09	0.04	NA
EBITDA Margin	(%)	8.48	26.39	NA
PAT Margin	(%)	6.22	13.01	NA
ROCE	(%)	38.14	35.71	NA
Total Debt/Tangible Net Worth	Times	0.16	0.00	NA
PBDIT/Interest	Times	0.00	0.00	NA
Total Debt/PBDIT	Times	0.32	0.00	NA
Gross Current Assets (Days)	Days	131	5	NA

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 Facility	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE B- / Stable

Contacts

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About Acuité Ratings & Research:

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