



**Press Release**  
**Ciscons Constructions Private Limited**  
**July 31, 2024**  
**Rating Reaffirmed**

| Product                                   | Quantum<br>(Rs. Cr) | Long Term Rating                | Short Term Rating       |
|---|---------------------|---------------------------------|-------------------------|
| Bank Loan Ratings                         | 3.00                | ACUITE BB   Stable   Reaffirmed | -                       |
| Bank Loan Ratings                         | 25.00               | -                               | ACUITE A4+   Reaffirmed |
| <b>Total Outstanding Quantum (Rs. Cr)</b> | 28.00               | -                               | -                       |

**Rating Rationale**

Acuite has reaffirmed its long-term rating of '**ACUITE BB**' (read as **ACUITE double B**) and short-term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs.28 Cr. bank facilities of Ciscons Constructions Private Limited (CCPL). The outlook is '**Stable**'.

**Rationale for rating**

The rating takes into cognizance long track record of operations and improvement in the business risk profile. It also takes into account moderate financial risk profile followed by adequate liquidity position. These strengths are however, partly offset by the intensive working capital management

**About the Company**

Ciscons Constructions Private Limited (CCPL) is a Hyderabad based company incorporated in the year 2013. The company is promoted by Mr. Narra Rama Krishna and Ms. Nimmagadda Harshitha. It is engaged in execution of civil works. The company does works such as construction of buildings, foundation works, plumbing works, and back fillings works among others. The company is primarily engaged in executing works at thermal power plants.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profile of Ciscons Constructions Private Limited to arrive at the rating.

**Key Rating Drivers**

**Strengths**

**Experienced management; and established track record in civil works relating to thermal power plants**

The company has been engaged in execution of civil works for nearly a decade. The company is managed by Mr. Narra Sakaar, Ms. Nimmagadda Harshitha and others, and is supported by team of professionals to execute the projects. The company operates in the states of Andhra Pradesh, Telangana, and Tamil Nadu providing geographic diversification in its work execution. Acuite believes that the promoter's extensive industry experience backed by established track record in thermal power plant related civil works will aid CCPL's business risk profile over the medium term.

### **Moderate Financial risk profile**

The financial risk profile is moderate marked by an increase in the net worth to Rs. 8.40 Cr. as on March 31, 2024(Prov.) as compared to Rs. 7.05 Cr. as on March 31, 2023 due to small accretion of reserves. Gearing stood at 1.07 times as on March 31, 2024(Prov.) as against 1.28 times as on March 31, FY 2023. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 4.79 times as on March 31, 2024(Prov.) as compared to 4.93 times as on March 31, 2023. The debt protection metrics is marked by Interest Coverage Ratio at 3.44 times as on March 31, 2024(Prov.) as compared to 3.01 times as on March 31, 2023 and Debt Service Coverage Ratio at 1.89 times as on March 31, 2024(Prov.) as compared to 1.64 times as on March 31, 2023. Net Cash Accruals/Total Debt (NCA/TD) stood at 0.28 times as on March 31, 2024(Prov.) as compared to 0.21 times as on March 31, 2023. Acuité believes that going forward the financial risk profile will improve over the medium term.

### **Improving revenues and operating profitability**

The company's revenue has increased to Rs. 48.97 Cr. in March 31, 2024(Prov.) as compared to Rs. 45.17 Cr. in March 31, 2023 and operating profitability increased to 8.05 percent in March, FY 2024 as compared to 7.56 percent in March 31, 2023 due to order completion in FY 23-24. The unexecuted order book stands at Rs. 146.90 Cr. as on March 31, 2024 which provides revenue visibility over near to medium term.

### **Weaknesses**

#### **Intensive working capital management**

The intensive working capital cycle is marked by Gross Current Assets (GCA) of 314 days as on March 31, 2024(Prov.) as compared to 283 days as on March 31, 2023. The debtor days increased to 143 days as on March 31, 2024(Prov.) as compared to 141 days as on March 31, 2023. Furthermore, the inventory days decreased to 21 days in March 31, 2024(Prov.) as compared from 27 days as on March 31, 2023. The other current assets include retention money of Rs. 16.09 Cr. and other receivables. as on March 31, 2024. The creditor days decreased to 63 days as on March 31, 2024(Prov.) from 96 days as on March 31, 2023. Acuité believes that going forward the working capital operations of the company will remain intensive over the medium term.

### **Customer concentration risk**

The company being a specialised contractor in execution of civil works related to thermal power plants has led to increased dependence for contractual work from BHEL and few other players. It leads to customer concentration risk around 85 percent of the contracts are received from BHEL. Acuité believes that the revenues and margins are susceptible to the customer concentration risk.

### **Rating Sensitivities**

- Improvement in scale of operations while maintaining profitability
- Elongation of working capital cycle
- Major debt funded capex plans

### **Liquidity Position**

#### **Adequate**

The liquidity is adequate marked by net cash accruals of Rs. 2.52 Cr as on March 31, 2024 as against long term debt repayment of Rs. 0.77 Cr over the same period. The cash and bank balances stood at Rs.0.08 Cr as on March 31, 2024(Prov.) as compared to Rs. 0.30 Cr as on March 31, 2023. The current ratio stood at 1.34 times since last two years dated as on March 31, 2024(Prov.) and March 31, 2023. The promoters have demonstrated flexibility to infuse funds in the form of unsecured loans in the business. The average bank limit utilization stood at 39.06 percent over the last six months ended, June, FY 2024. Acuité believes that going forward the liquidity position of the company will remain adequate in the absence of any major debt funded capex plan, small but steady accruals, minimum debt repayment and small dependence on fund based bank lines.

### **Outlook: Stable**

Acuité believes that CCPL will maintain a 'Stable' outlook over the medium term backed by its experienced management and revenue visibility. The outlook may be revised to 'Positive' in case of higher-than-expected growth in its revenues while maintaining its profitability margins and improving its working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of decline in the company's revenues or profit margins, deterioration in the company's financial risk profile, delays in the completion of the project or further elongation in its working capital cycle.

**Other Factors affecting Rating**

None

## Key Financials

| Particulars                   | Unit    | FY 24 (Provisional) | FY 23 (Actual) |
|-------------------------------|---------|---------------------|----------------|
| Operating Income              | Rs. Cr. | 48.97               | 45.17          |
| PAT                           | Rs. Cr. | 1.34                | 0.84           |
| PAT Margin                    | (%)     | 2.74                | 1.85           |
| Total Debt/Tangible Net Worth | Times   | 1.07                | 1.28           |
| PBDIT/Interest                | Times   | 3.44                | 3.01           |

### 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>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.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, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite'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](http://www.acuite.in).

## Rating History

| Date        | Name of Instruments/Facilities     | Term       | Amount (Rs. Cr) | Rating/Outlook                                     |
|-------------|------------------------------------|------------|-----------------|--|
| 05 May 2023 | Bank Guarantee (BLR)               | Short Term | 22.00           | ACUITE A4+ (Reaffirmed)                            |
|             | Bank Guarantee/Letter of Guarantee | Short Term | 3.00            | ACUITE A4+ (Assigned)                              |
|             | Cash Credit                        | Long Term  | 3.00            | ACUITE BB   Stable (Reaffirmed)                    |
| 06 Dec 2022 | Cash Credit                        | Long Term  | 3.00            | ACUITE BB (Reaffirmed & Issuer not co-operating*)  |
|             | Bank Guarantee/Letter of Guarantee | Short Term | 20.00           | ACUITE A4+ (Reaffirmed & Issuer not co-operating*) |
|             | Proposed Short Term Bank Facility  | Short Term | 2.00            | ACUITE A4+ (Reaffirmed & Issuer not co-operating*) |
| 16 Sep 2021 | Proposed Short Term Bank Facility  | Short Term | 2.00            | ACUITE A4+ (Reaffirmed)                            |
|             | Bank Guarantee/Letter of Guarantee | Short Term | 20.00           | ACUITE A4+ (Reaffirmed)                            |
|             | Cash Credit                        | Long Term  | 3.00            | ACUITE BB   Stable (Reaffirmed)                    |

**Annexure - Details of instruments rated**

| <b>Lender's Name</b> | <b>ISIN</b>          | <b>Facilities</b>    | <b>Date Of Issuance</b> | <b>Coupon Rate</b>   | <b>Maturity Date</b> | <b>Complexity Level</b> | <b>Quantum (Rs. Cr.)</b> | <b>Rating</b>                   |
|----------------------|----------------------|----------------------|-------------------------|----------------------|----------------------|-------------------------|--------------------------|---------------------------------|
| Canara Bank          | Not avl. / Not appl. | Bank Guarantee (BLR) | Not avl. / Not appl.    | Not avl. / Not appl. | Not avl. / Not appl. | Simple                  | 25.00                    | ACUITE A4+   Reaffirmed         |
| Canara Bank          | Not avl. / Not appl. | Cash Credit          | Not avl. / Not appl.    | Not avl. / Not appl. | Not avl. / Not appl. | Simple                  | 3.00                     | ACUITE BB   Stable   Reaffirmed |

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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