

Press Release

Sourabh Kumar Roy

March 12, 2019



Rating Assigned

Total Bank Facilities Rated*	Rs. 11.80 Cr.
Long Term Rating	ACUITE B+ / Outlook: Stable
Short Term Rating	ACUITE A4

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B+**' (**read as ACUITE B plus**) and short term rating of '**ACUITE A4**' (**read as ACUITE A four**) on the Rs. 11.80 crore bank facilities of Sourabh Kumar Roy. The outlook is 'Stable'.

Established in 2007, Sourabh Kumar Roy is a West Bengal based partnership firm engaged in road and bridge construction in southern districts of West Bengal. The firm undertakes tender based contract from the Public Works Department (PWD) of West Bengal government where it is registered as a 1st class civil contractor. The firm was promoted by Mr. Sourabh Kumar Roy and Mrs. Sangita Roy.

Analytical Approach

Acuité has taken a standalone view of the business and financial risk profile of SKR.

Key Rating Drivers

Strengths

- **Experienced management**

The partners- Mr. Sourabh Kumar Roy and Mrs. Sangita Roy has nearly a decade of experience in road and bridge construction.

Weaknesses

- **Modest scale of operations**

The scale of operations is modest with revenue of Rs 41.31 crore in FY 18 compare to Rs 39.77 crore in FY 17. The scale is modest due to operations being confined to only southern districts of West Bengal.

- **Moderate financial risk profile**

The moderate financial risk profile is marked by modest net worth, comfortable gearing and debt protection metrics. The net worth stood at Rs 8.62 crore as on 31st March'18 as against Rs 5.32 crore as on 31st March'17. The gearing stood at 0.89 times in as on 31st March'18 as compare to 0.76 times as on 31st March'17. The debt protection metrics stands comfortable marked by interest coverage ratio of 3.33 times as on 31st March'18 as compare to 4.06 times as on 31st March'17. The DSCR stood at 2.64 times as on 31st March'18.

- **Moderate Order book Position**

The firm has moderate order book position ~ Rs 19 crore which are likely to be executed in the next 12-24 months. Going forward, ability to successfully to secure sizeable tenders will remain a key rating sensitivity.

Outlook: Stable

Acuité believes that firm will continue to benefit over the medium term from the partners long experience in business. The outlook may be revised to 'Positive' if the firm achieves more than envisaged sales and profitability while improving its financial risk profile. Conversely, the outlook may be revised to 'Negative' if the firm fails to achieve growth in revenue and profitability and the financial risk profile further deteriorates owing to higher-than-expected increase in debt-funded working capital requirement.

Liquidity

The firm has adequate liquidity marked by moderate net cash accruals to its maturing debt obligations. SKR generated cash accruals of Rs.1.41 crore during the last year 2017 -18, while its maturing debt obligations were in the range of Rs.0.88 crore in the same period. Modest net worth base and moderate working capital management has led to high utilisation of its bank lines at about 96 percent over ten months through January 2019. The current ratio of the SKR stood at 1.59 times as on March 31, 2018. Acuité believes that the liquidity of the group is likely to remain adequate over the medium term on account of moderate cash accruals as against moderate repayments over the medium term.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	41.31	39.77	24.54
EBITDA	Rs. Cr.	2.78	2.21	1.26
PAT	Rs. Cr.	1.11	1.05	0.46
EBITDA Margin	(%)	6.73	5.56	5.15
PAT Margin	(%)	2.68	2.63	1.86
ROCE	(%)	19.93	27.69	18.49
Total Debt/Tangible Net Worth	Times	0.89	0.76	0.67
PBDIT/Interest	Times	3.33	4.06	2.37
Total Debt/PBDIT	Times	2.69	1.73	1.95
Gross Current Assets (Days)	Days	118	99	80

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
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE B+ / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	4.80	ACUITE B+ / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE A4

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About Acuité Ratings & Research:

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