

Press Release

Dilip Ghosh

D-U-N-S® Number: 86-107-2185

March 20, 2019



Rating Assigned

Total Bank Facilities Rated*	Rs. 10.00 Cr.
Long Term Rating	ACUITE B / Stable (Assigned)
Short Term Rating	ACUITE A4 (Assigned)

* Refer Annexure for details

Rating Rationale

Acuité has assigned the long term rating of '**ACUITE B**' (**read as ACUITE B**) and short term rating of '**ACUITE A4**' (**read as ACUITE A four**) to the Rs.10.00 crore of bank facilities of Dilip Ghosh (DG). The outlook is '**Stable**'.

Established in 1989 by Mr. Dilip Ghosh (Proprietor), DG is engaged in Civil Construction business, executed through bidding for tenders as a principal bidder from statutory authorities such as Central Public Works Department and Airport Authority of India, among others.

Analytical Approach:

Acuité has taken a standalone view of the business and financial risk profile of DG to arrive at the rating.

Key Rating Drivers:

Strengths

Experienced management and long track record of operations

The Proprietor has more 25 years of experience in civil construction work. The firm is into same line of operation since 1989.

Weaknesses

Small scale of operations

Though the firm had started operations since 1989, the scale of operations stood low at Rs.4.74 crore in FY2018 as compared to Rs.6.19 crore in the previous year. The firm has booked Rs.5.00 crore as on 28 February, 2019 (Provisional).

Below average financial risk profile

The firm has below average financial risk profile marked by low net worth, comfortable gearing and moderate debt protection metrics. The net worth of the firm stood low at Rs.4.55 crore in FY2018, an increase from Rs.4.34 crore in FY2017, mainly on account of retention of current year profit. The gearing stood comfortable at 0.75 times in FY2018 as compared to 0.86 times in the previous year. The total debt of Rs.3.41 crore consist only short term debt from financial institutes. The interest coverage ratio (ICR) stood moderate at 1.83 times in FY2018 as compared to 2.34 times in the previous year. The debt service coverage ratio (DSCR) stood comfortable at 1.84 times in FY2018 as compared to 2.34 times in the previous year. Net cash accrual to total debt (NCA/TD) stood comfortable at 0.11 times in FY2018 as compared to 0.14 times in the previous year. Going forward, the financial risk profile is expected to improve backed by steady accruals and no significant debt funded capex plans.

Liquidity Position

The company has stretched liquidity marked by modest net cash accruals. The firm has generated cash accruals of Rs.0.37 crore in FY2018 as compared to Rs.0.53 crore in previous year. The company's operations are highly working capital intensive as marked by gross current asset (GCA) days of 439 in FY 2018. This has led to lower reliance on working capital borrowings; the cash credit limit in the firm remains utilised at 100 percent during the last 6 months period ended February 2018.

Outlook: Stable

Acuité believes that DG will maintain a 'Stable' outlook over the medium term owing to its promoters' extensive experience. The outlook may be revised to 'Positive' if the firm registers more than expected revenues while further improving its financial risk profile. Conversely, the outlook may be revised to 'Negative' if the working capital management gets elongated or the financial risk profile deteriorates.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	4.74	6.19	8.17
EBITDA	Rs. Cr.	0.82	0.93	1.14
PAT	Rs. Cr.	0.34	0.49	0.65
EBITDA Margin	(%)	17.18	14.98	13.95
PAT Margin	(%)	7.11	7.93	8.00
ROCE	(%)	9.76	12.00	32.55
Total Debt/Tangible Net Worth	Times	0.75	0.86	0.65
PBDIT/Interest	Times	1.83	2.34	2.60
Total Debt/PBDIT	Times	4.19	4.02	2.33
Gross Current Assets (Days)	Days	439	309	203

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

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Infrastructure Entities - <https://www.acuite.in/view-rating-criteria-4.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	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.90	ACUITE B / Stable (Assigned)
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.95	ACUITE B / Stable (Assigned)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	0.65	ACUITE A4 (Assigned)
Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	1.50	ACUITE A4 (Assigned)

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About Acuité Ratings & Research:

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