

## Press Release

### Swadeshi Civil Infrastructure Private Limited

February 24, 2021



#### Rating Withdrawn

<b>Total Bank Facilities Rated*</b>	Rs.120.00 Cr.
<b>Short Term Rating</b>	ACUITE A3 (Withdrawn)

\* Refer Annexure for details

#### Rating Rationale

Acuité has withdrawn the short-term rating of '**ACUITE A3**(read as **ACUITE A three**) on the Rs. 120.00 Crore bank facilities of Swadeshi Civil Infrastructure Private Limited.

The rating is being withdrawn on account of request received from the company and NOC received from the bank as per Acuite's policy.

#### About the Company:

Delhi based Swadeshi Civil Infrastructure Private Limited was established as a proprietorship concern in 1977 and later in 2008, the constitution was changed to private limited company. The company is promoted by Mr. Ramavtar Goel and Mr. Ankit Goel. The company is engaged into civil construction for government entities like PWD (Public Works Department), CPWD (Central Public Works Department) and HSCC Limited (Hospital Service Consultancy Corporation Limited) to name a few.

#### Analytical Approach

Acuité has considered the standalone business and financial risk profile of SCPL to arrive at the rating.

#### Key Rating Drivers

##### Strengths

- **Experience management and Long association with govt. agencies:**

Established in 1977 as a proprietorship firm and later in 2008, the constitution was changed to private limited company. The company is engaged in the business of civil construction and is promoted by Mr. Ramavtar Goel and Mr. Ankit Goel. The promoters have an experience of over four decades in construction business. SCPL has been associated with government bodies for over a decade. The company has been executing projects for PWD (public works department), HSCC limited (Hospital Services Consultancy Corporation Limited), RITES limited, CPWD (central public works department), to name a few. The company has been able to establish long-standing relationship with its client owing to extensive experience of the promoters and timely execution of the project. The vast experience of the management and long association with government agencies has resulted in healthy order book position of Rs.948.00 crore as on 31-March-2020, thereby giving healthy revenue visibility for near to medium term.

- **Healthy financial risk profile-**

SCPL financial risk profile of the company remained healthy marked by healthy net worth and strong debt protection metrics. The net worth of the company stood at Rs.118.31 crore as on 31 March 2020 as against Rs.99.04 crore as on 31 March 2019. The gearing level (debt-equity) stood at 0.43 times as on 31 March 2020 as against 0.33 times as on 31 March 2019. The total debt of Rs.50.92 crore as on 31 March 2020 consists of long term debt of Rs.0.10 crore, unsecured loan amounted to Rs.9.81 crore and working capital borrowings of Rs.41.01 crore. The interest coverage ratio (ICR) stood at 11.27 times in FY2020 as against 19.97 times in FY2019. NCA/TD (Net Cash Accruals to Total Debt) ratio stood at 0.44 times in FY2020 and 0.49 times in FY2019. Debt to EBITDA stood at 1.56 times in FY2020 as against 1.44 times in FY2018 due to high debt during the year.

## Weaknesses

- **Competitive and fragmented industry:**

The Company is engaged as civil construction. The particular sector is marked by the presence of several mid to big size players. The company faces competition from the other players in the sectors. Risk become more pronounced as tendering is based on minimum amount of bidding of contracts. However, this risk is mitigated to an extent as management operating in this environment for more than four decades.

## Outlook:

NA

## Material Covenant

None

## Rating sensitivity

NA

## Liquidity position: Strong

Company has strong liquidity marked by high net cash accruals to its maturing debt obligations. SCIPIL generated cash accruals of Rs.22.62 crore in FY2019 as against no significant debt maturity obligation for the same period. The company's working capital operations are moderate marked by Gross Current Asset (GCA) days of 133 days in FY2020. Company maintains unencumbered cash and bank balances of Rs.3.60 crore as on 31 March 2020. The current ratio stands at 1.49 times as on 31 March 2020.

## About the Rated Entity - Key Financials

	Unit	FY20 (Actual)	FY19 (Actual)
Operating Income	Rs. Cr.	365.46	232.06
PAT	Rs. Cr.	19.26	13.29
PAT Margin	(%)	5.27	5.73
Total Debt/Tangible Net Worth	Times	0.33	0.26
PBDIT/Interest	Times	11.27	19.97

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

Not Applicable

## Any other information

Not Applicable

## Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Entities- <https://www.acuite.in/view-rating-criteria-51.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>

## Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

## Rating History (Up to last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
14-February-2020	Bank Guarantee I	Short Term	40.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee II	Short Term	38.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee III	Short Term	40.00	ACUITE A3

				(Reaffirmed)
	Proposed Bank Facility	Short Term	2.00	ACUITE A3 (Reaffirmed)
08-August-2019	Bank Guarantee I	Short Term	40.00	ACUITE A3 (Assigned)
	Bank Guarantee II	Short Term	38.00	ACUITE A3 (Assigned)
	Proposed Bank Facility	Short Term	22.00	ACUITE A3 (Assigned)

**\*Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Bank Guarantee I	Not Applicable	Not Applicable	Not Applicable	40.00	ACUITE A3 (Withdrawn)
Bank Guarantee II	Not Applicable	Not Applicable	Not Applicable	38.00	ACUITE A3 (Withdrawn)
Bank Guarantee III	Not Applicable	Not Applicable	Not Applicable	40.00	ACUITE A3 (Withdrawn)
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE A3 (Withdrawn)

**Contacts**

Analytical	Rating Desk
Aditya Gupta Vice President - Corporate Ratings Tel: 022-49294041 <a href="mailto:aditya.gupta@acuite.in">aditya.gupta@acuite.in</a>	Varsha Bist Senior Manager – Rating Desk Tel: 022-49294011 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a>
Aditya Singh Ratings Analyst - Rating Operations Tel: 011-49731303 <a href="mailto:aditya.singh@acuite.in">aditya.singh@acuite.in</a>	

**About Acuité Ratings & Research:**

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