



Press Release
Sri Durga Condev Private Limited
November 02, 2023
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	72.25	ACUITE A- Stable Reaffirmed	-
Bank Loan Ratings	60.00	-	ACUITE A2+ Assigned
Bank Loan Ratings	127.75	-	ACUITE A2+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	260.00	-	-

Rating Rationale

Acuite has reaffirmed a long-term rating of '**ACUITÉ A-**' (read as **ACUITE A minus**) and Short term rating of '**ACUITÉ A2+**' (read as **ACUITE A two plus**) on the Rs 200.00 Cr. bank facilities of Sri Durga Condev Private Limited (SDCPL). Further, Acuite has assigned short term rating of '**ACUITÉ A2+**' (read as **ACUITE A two plus**) on the Rs. 60.00 Cr. bank facilities of SDCPL.

The outlook is '**Stable**'.

Rationale for Rating

The rating continues to reflect the company's established track record of operations spanning more than three decades in executing roads, irrigation, and railway projects in Odisha. Further the scale of operation witnessed an improvement during FY23 backed by healthy execution of orders. The current order book provides revenue visibility over the medium term. The ratings also factor in company's strong financial risk profile marked by its high net worth, low gearing ratio and healthy debt protection ratios. The ratings are constrained by high geographical concentration, working capital intensive nature of operation and intensive competition in construction business.

About the Company

SDCPL was started as a partnership firm in 1987 by Mr. Pramod Chandra Rath and was engaged in civil construction activities for road, bridge, building and railway tracks. The constitution was changed to a closely held company in 2000. Currently, the company is managed by Mr Pramod Chandra Rath and his family members. The company has executed projects primarily in the state of Odisha only.

Unsupported Rating

Not Applicable

Analytical Approach

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

Key Rating Drivers

Strengths

Established track record in EPC segment

SDCPL has a long operational track record as the company is executing different kinds of civil projects since 1987. Over the years, company has successfully completed large number of projects related to construction of roads, bridges, buildings, etc. in Odisha. The company has a diversified order book as SDCPL has bagged orders from various PSUs and State government entities such as East Coast Railways, RITES Ltd NTPC Ltd, Mahandi Coalfield Limited, PWD among others. Hence the counterparty risk is low.

Healthy Revenue visibility

The current order book of Rs. 1410 Cr. imparts healthy revenue visibility over the medium term. The unexecuted order book comprises around 40 percent of orders from the PWD followed by around 37 percent from Indian Railways & its associates, remaining is from PSUs & different state government entities. Further current order book also reflects moderate segmental concentration as majority of orders are related construction of road and bridges. The company also executes orders related to construction of building, different kinds of structures, canal among others. The scale of operation had witnessed an improvement during FY23 and stood at Rs. 392.96 Cr. as against Rs 323.68 Cr in FY22 and Rs 278.25 Cr in FY21. The improvement is driven by healthy execution of orders. However, the execution of certain orders during last 2FYs was adversely impacted due to various reasons such as unprecedented rains, land disputes, etc. The company posted a revenue of Rs. 201.03 Cr in 5MFY24. Acuité believes the scale of operation will continue to grow over medium term backed by healthy order book size with strong execution capabilities.

Healthy financial risk profile

The financial risk profile of SDCPL is marked by its healthy net worth, low gearing ratio and strong debt protection metrics. The net worth stood at Rs. 161.04 Cr. as on 31st March'2023 as compared to Rs. 144.75 Cr. in the previous year. The gearing of the company stood comfortable at 0.53 times as on 31st March 2023 as against 0.55 times as on 31st March, 2022. TOL/TNW stood at 0.73 times as on 31 March 2023 as against 0.87 times as on 31 March 2022. SDCPL's interest coverage ratio stood at 5.38 times in FY23 as against 4.94 times in FY22. DSCR of the company stood at 3.05 times in FY23 in comparison to 3.01 times in FY22. The Net Cash accruals to Total Debt (NCA/TD) stood at 0.37 times as on 31 March 2023 as compared to 0.39 times in the previous year. Going forward, Acuité believes the financial risk profile to remain healthy over the medium term backed by steady accruals and no major debt funded capex plans.

Largely stable profitability margins

The company has healthy profitability margins both at the operating and net level. The operating margin of the company stood at 11.12 percent in FY23 as compared to 12.19 percent in FY22. The profit after tax (PAT) margins of the company stood at 4.19 percent in FY23 as against 4.58 percent in the preceding year. The profitability margin depends largely on the company's selection of projects being bid for. Acuité believes that the company will maintain its profit margins over the medium term as major portion of existing orders are road projects where profit margins are relatively higher as compared to other segments.

Weaknesses

Concentrated order book

The company since its inception has worked on projects primarily in Odisha. Moreover, the ongoing orders are also entirely from Odisha thereby implying high geographic concentration. The company's ability to successfully bid for projects in other states would be a key to expand their base.

Working capital intensive operations

The operations of the company are working capital intensive as reflected from its Gross Current Asset (GCA) days. The GCA days stood high at 101 days as on 31 March 2023. Inventory days stood at 66 days as on 31 March 2023 against 59 days in the previous year. However, the debtor days stood at 35 days as on 31 March 2023 as against 41 days in the preceding Year. Acuité believes that the operations of the company will continue to be working capital intensive which is inherent to the infrastructure industry.

Rating Sensitivities

- Sustenance in turnover growth and profit margins
- Continuous order flow

All Covenants

None

Liquidity Position

Strong

Company has a strong liquidity profile as company has high-unencumbered cash & bank of ~Rs 34 Cr. as on 31st March 2023. Net cash accrual stood at Rs 31.66 Cr in FY23 as against current maturity of Rs 4.50 Cr. Current ratio stood at 1.70 times in FY 23 as against 1.58 times in FY22. The working capital utilization stood at 70.23 percent during last 12 months ended August 2023. Acuite believes liquidity profile will remain at strong level in medium term backed by healthy net cash accrual.

Outlook: Stable

Acuite believes the outlook on SDCPL will remain 'Stable' over the medium term backed by its long track record of operations, strong order book position and comfortable financial risk profile. The outlook may be revised to 'Positive' if the company is able to ramp up its scale of operation along with sustenance in the profitability margins. Conversely, the outlook may be revised to 'Negative' in case of deterioration in liquidity profile due to increase in working capital requirement.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	392.96	323.68
PAT	Rs. Cr.	16.45	14.83
PAT Margin	(%)	4.19	4.58
Total Debt/Tangible Net Worth	Times	0.53	0.55
PBDIT/Interest	Times	5.38	4.94

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>
- 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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
09 Aug 2022	Proposed Term Loan	Long Term	11.00	ACUITE A- Stable (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE A- Stable (Reaffirmed)
	Bank Guarantee	Short Term	80.25	ACUITE A2+ (Reaffirmed)
	Term Loan	Long Term	5.75	ACUITE A- Stable (Reaffirmed)
	Cash Credit	Long Term	50.00	ACUITE A- Stable (Reaffirmed)
	Bank Guarantee	Short Term	20.00	ACUITE A2+ (Reaffirmed)
	Cash Credit	Long Term	0.50	ACUITE A- Stable (Reaffirmed)
	Bank Guarantee	Short Term	27.50	ACUITE A2+ (Reaffirmed)
17 May 2021	Cash Credit	Long Term	0.50	ACUITE A- Stable (Assigned)
	Bank Guarantee	Short Term	20.00	ACUITE A2+ (Assigned)
	Bank Guarantee	Short Term	74.50	ACUITE A2+ (Assigned)
	Proposed Term Loan	Long Term	18.05	ACUITE A- Stable (Assigned)
	Cash Credit	Long Term	50.00	ACUITE A- Stable (Assigned)
	Term Loan	Long Term	4.45	ACUITE A- Stable (Assigned)
	Bank Guarantee	Short Term	27.50	ACUITE A2+ (Assigned)
	Cash Credit	Long Term	5.00	ACUITE A- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	80.25	ACUITE A2+ Reaffirmed
Canara Bank	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	20.00	ACUITE A2+ Reaffirmed
Punjab National Bank	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	27.50	ACUITE A2+ Reaffirmed
Punjab National Bank	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	20.00	ACUITE A2+ Assigned
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	50.00	ACUITE A- Stable Reaffirmed
Canara Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	5.00	ACUITE A- Stable Reaffirmed
Punjab National Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	0.50	ACUITE A- Stable Reaffirmed
Not Applicable	Not Applicable	Proposed Long Term Loan	Not Applicable	Not Applicable	Not Applicable	Simple	11.00	ACUITE A- Stable Reaffirmed
Not Applicable	Not Applicable	Proposed Short Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	40.00	ACUITE A2+ Assigned
State Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	5.75	ACUITE A- 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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