



Press Release
Damodharte International Private Limited
December 04, 2024
Rating Assigned, Reaffirmed and Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	3.97	ACUITE BB+ Stable Upgraded	-
Bank Loan Ratings	8.47	-	ACUITE A4+ Assigned
Bank Loan Ratings	46.03	-	ACUITE A4+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	58.47	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded the long-term rating to 'ACUITE BB+' (read as ACUITE Double B plus) from 'ACUITE BB' (read as ACUITE Double B) and reaffirmed the short-term rating of 'ACUITE A4+' (read as ACUITE A four plus) on Rs. 50.00 Cr. of bank facilities of Damodharte International Private Limited (DIPL). The outlook is 'Stable'.

Further, Acuite has assigned the short term rating of 'ACUITE A4+' (read as ACUITE A four plus) on Rs. 8.47 Cr. bank facility of Damodharte International Private Limited (DIPL).

Rationale for rating

The rating upgrade is driven by stable operating profitability of the company albeit fluctuating operating income and healthy financial risk profile. While the operating income in FY24 has remained low at Rs. 60.57 Cr. as against Rs. 80.58 Cr. in FY23, the operating profitability of DIPL stood improved at 8.92 percent in FY24 as against 8.88 percent in FY23 due to lower input costs. Moreover, the company holds an order book of Rs. 221 Cr. as on October 31, 2024, which gives healthy revenue visibility. Further, the ability of the company to scale up its operations backed by timely execution of its order book while maintaining its profitability margins shall be a key monitorable.

About the Company

Established in 1978, CBD Belapur Mumbai based DIPL is managed by Mr Ashwani Bhat and undertakes engineering, procurement and construction (EPC) contracts for erection and commission of switch yards, switching stations, sub stations, transformers up to 220 KV (extra high voltage).

Unsupported Rating

Not Applicable.

Analytical Approach

For arriving at its rating, Acuite has considered the standalone business and financial risk profile of DIPL.

Key Rating Drivers

Strengths

Experienced Management

DIPL is managed by Mr. Ashwani Bhat, who has around two decades of experience in the EPC business. The company has established a strong market position and maintained long-standing relations with its reputed customers such as Maharashtra State Electricity Transmission Company Limited, Oil and Natural Gas Corporation Limited, Bharat Petroleum Corporation Limited, etc. Acuité believes that the company will continue to derive benefit from its experienced management and established market position over the medium term.

Healthy Financial Risk Profile

The financial risk profile of DIPL stood healthy marked by moderate net worth, low gearing and moderate debt protection metrics. The tangible net worth stood at Rs.31.56 Cr. as on 31 March 2024 as against Rs.28.04 Cr. as on 31 March, 2023. The total debt of the company for FY24 stood at Rs. 2.19 Cr. which includes Rs.0.87 Cr. of longterm debt and Rs.1.31 Cr. of short term debt. The gearing (debt-equity) stood same at 0.07 times as on 31 March 2024. Interest Coverage Ratio stood at 8.87 times for FY24 as against 9.59 times for FY23. Debt Service Coverage Ratio (DSCR) stood low at 7.13 times in FY24 as against 7.48 times in FY23. Total outside liabilities/Total network (TOL/TNW) stood at 0.70 times as on 31 March, 2024 as against 0.84 times as on 31 March, 2023. Net Cash Accruals to Total Debt (NCA/TD) stood at 1.95 times for FY24 as against 2.65 times for FY23.

Weaknesses

Intensive Working Capital Operations

The company has intensive working capital cycle marked by GCA of 224 days in FY24 as compared to 181 days in FY23. While the inventory days reduced to 22 days in FY24 as against 37 days in FY23, the company has seen delays in the collection cycle as reflected by debtor's days of 80 days in FY24 as compared 69 days in FY23. As against this, the creditor days stood increased at 119 days as on FY24 compared to 99 days as on FY23. Further, the current ratio of DIPL stands at 2.15 times in FY24.

Rating Sensitivities

- Significant improvement in operating performance of the company.
- Any deterioration in its liquidity leading to deterioration in debt protection metrics.
- Improvement in working capital cycle.

Liquidity Position

Adequate

The company's liquidity position is adequate marked by sufficient net cash accruals of Rs.4.27 Cr. in FY24. In addition, it is expected to generate a sufficient cash accrual in the range of Rs.5.00-7.00 Cr. against maturing debt obligations of Rs.0.29 Cr. over the medium term. The company maintains unencumbered cash and bank balances of Rs.0.35 Cr. as on March 31, 2024. Average bank limit utilization for fund-based limits stood as low as 15.39 percent for the last 09 months ended September 2024.

Outlook: Stable

Other Factors affecting Rating

None.

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	60.57	80.58
PAT	Rs. Cr.	3.52	4.61
PAT Margin	(%)	5.81	5.72
Total Debt/Tangible Net Worth	Times	0.07	0.07
PBDIT/Interest	Times	8.87	9.59

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, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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
13 May 2024	Letter of Credit	Short Term	5.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Bank Guarantee (BLR)	Short Term	11.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Bank Guarantee (BLR)	Short Term	12.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Bank Guarantee (BLR)	Short Term	2.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Letter of Credit	Short Term	6.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	1.47	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+ Stable)
	Secured Overdraft	Long Term	2.00	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+ Stable)
	Cash Credit	Long Term	2.00	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+ Stable)
	Proposed Long Term Bank Facility	Long Term	8.53	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+ Stable)
15 Feb 2023	Letter of Credit	Short Term	5.00	ACUITE A4+ (Assigned)
	Bank Guarantee (BLR)	Short Term	11.00	ACUITE A4+ (Assigned)
	Bank Guarantee (BLR)	Short Term	12.00	ACUITE A4+ (Assigned)
	Bank Guarantee (BLR)	Short Term	2.00	ACUITE A4+ (Assigned)
	Letter of Credit	Short Term	6.00	ACUITE A4+ (Assigned)
	Cash Credit	Long Term	1.47	ACUITE BB+ Stable (Assigned)
	Secured Overdraft	Long Term	2.00	ACUITE BB+ Stable (Assigned)
	Cash Credit	Long Term	2.00	ACUITE BB+ Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	8.53	ACUITE BB+ Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
The Jammu and Kashmir Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	16.00	Simple	ACUITE A4+ Reaffirmed
Indian Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.00	Simple	ACUITE A4+ Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	7.03	Simple	ACUITE A4+ Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.47	Simple	ACUITE A4+ Assigned
The Jammu and Kashmir Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.47	Simple	ACUITE BB+ Stable Upgraded (from ACUITE BB)
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE BB+ Stable Upgraded (from ACUITE BB)
The Jammu and Kashmir Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.00	Simple	ACUITE A4+ Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE A4+ Reaffirmed
Indian Bank	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.50	Simple	ACUITE BB+ Stable Upgraded (from ACUITE BB)

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About Acuité Ratings & Research

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