



Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 32.00 Crores of Ardeshir B. Cursetjee & Sons Ltd.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (June, 2017)	Present
Fund based	7.00	27.00	Long Term	BWR BB+ (Pronounced as BWR Double B Plus) Outlook: Stable	BWR BB+ (Pronounced as BWR Double B Plus) Outlook: Stable
Non Fund Based	5.00	5.00	Short Term	BWR A4+ (Pronounced as BWR Single A Four Plus)	BWR A4+ (Pronounced as BWR Single A Four Plus)
Total	12.00	32.00	INR Thirty two crore only.		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Ratings: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the company's audited financial results of Fy16, Fy17, Fy18, Provisional till Sept 2018 , projections of Fy 19, publicly available information and clarification / information provided by the company.

The rating draws strength from company being in business from 7 decades, experienced management, long track record of sustained operations, moderate gearing ratios, tangible net worth along with new contracts for following years. Rating is however constrained by low scale of operations, investment risk in non current investment , and high receivable days.

The ability of the company to improve its scale of operations, receivable management, execute its order timely, along with maintaining its gearing, coverage and liquidity would be its key rating sensitivity.



Description of Key Rating Drivers

Credit Strengths:

- Experience of Management: Company is chaired by Mr Dubash who has 5 decade of experience in related field. Dubash family has been in this business since 200 years. It has a qualified pool of management for different verticals both at senior and junior levels.
- Financial Risk Profile: Financial Risk profile of the company is marked with strong TNW of Rs.154.66 cr in Fy18-19(1H), resulting in gearing of 0.18x. Coverage as reflected through DSCR and ISCR are reported at 2.92x and 2.83x in Fy18-19(1H) . Liquidity as reflected through current ratio remains moderate at 3.58x in FY18(1H).
- Contracts in Hand: In FY 2018-19 the company has diversified its operations to offshore logistics and overseas freight contracts and presently executing contracts worth over Rs. 120 crore with Shapoorji Pallonji group companies and has set up overseas branch at Rwanda for its execution.

Credit Risks:

- Sticky Debts: Company has reported substantial sticky debts, it has won arbitration award against those of which execution is still pending.
- Scale of Operations: Scale of operations has remained flat in Fy18 at Rs 17.04cr v/s Fy17. It has shown significant improvement in Fy18-19(1H) at Rs.42.03cr, having said that levels of operations remains low despite being in operations since decades.
- Company has suffered losses in Fy18 and Fy17, having said that it has registered OPM (15.86%) and NPM (2.87%) in Fy18 (1H).
- Exposure to cyclicity inherent in dredging industry: Revenue depends on success in winning tenders in a competitive bidding process, and hence, may fluctuate over the medium term.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Liquidity Profile: Liquidity Profile of the company is marked with current ratio of 3.41x in Fy18. Its cash and its equivalents are reported at Rs. 1.34cr in Fy18. Company's current investments are negligible.

Rating Outlook: Stable

BWR believes the **Ardeshir B. Cursetjee & Sons Ltd** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.



About the Company

Ardeshir B Cursetjee and Sons Ltd is a flagship company of ABC Dubash Group. It has been in operation for 71 years. The company consists of divisions engaged in shipping and transport services in various ports of India. The company has diversified its business of dredging bulk cargo handling, stevedoring and multi-modal transportation.

Company Financial Performance

Company as on Sept 2018 (Prov) has achieved Sales of Rs. 42.13cr having suffered losses in FY17 and FY18, having said that levels remain low as per industry standards. Its D/E is reported at 0.18x as on Sept 2018 (Prov). Coverage ratio as reflected through DSCR and ISCR are reported at 2.92x and 2.83x as on Sept 2018 (Prov). Current ratio as on Sept 2018 (Prov) is reported at 3.58x. High receivable days and o/s receivable of more than 6 months are reported at Rs.128.40cr.

Rating History for the last three years

S.No	Instrument /Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating (Reaffirmed)	2018	2017	2016
1	Fund Based SOD SOD (Project Specific)	Long Term	27.00 7.00 20.00	BWR BB+ (Pronounced as BWR Double B Plus) Outlook: Stable	Not Rated	BWR BB+ (Pronounced as BWR Double B Plus) Outlook: Stable	Not Rated
2	Non Fund Based Letter of Guarantee Inland/ Import Letter of Credit - (Sublimit)	Short Term	5.00 5.00 (5.00)	BWR A4+ (Pronounced as BWR Single A Four Plus)	Not Rated	BWR A4+ (Pronounced as BWR Single A Four Plus)	Not Rated
Total			32.00	₹ Thirty two crore only..			

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

Any other information: Nil



Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	Rs.cr	17.07	17.14
EBITDA	Rs.cr	(5.24)	1.76
PAT	Rs.cr	(1.14)	(2.52)
Tangible Net worth	Rs.cr	151.79	152.93
Total Debt/Tangible Net worth	Times	0.16	0.08
Current Ratio	Times	3.41	4.39

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.



About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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