## Rating Rationale

**Brickwork Ratings assigns the rating of 'BWR BB-' & 'BWR A4+' for the Bank Loan Facilities aggregating ₹ 21 Cr of Binanda Kalita**

Brickwork Ratings has assigned the **Rating**[1] of BWR BB- (Outlook: Stable) and BWR A4+ for bank facilities aggregating to **₹** 21.00 Cr of Binanda Kalita **('BK' or the 'Firm')**

| Facility | Limits (₹ Cr) | Tenure | Ratings |
|---|---|---|---|
| Fund Based (FB) | | **Long Term** | **BWR BB-** (Pronounced as BWR Double B Minus) **(Outlook - Stable)** |
| **ODBD** | **3.00** | | |
| Non-Fund Based | | | |
| **Bank Guarantee** | **18.00** | **Short Term** | **BWR A4+** (Pronounced as BWRA Four Plus) |
| **Total Limits** | **21.00** | **INR Twenty One Crores only** | |

BWR has principally relied upon audited financials of FY13, FY14 and FY15, projected financials of Binanda Kalita for FY16 & FY17 and publicly available information and information/clarification provided by the management.

The rating factors, inter alia the established business of the Firm in the region from last 28 years, steady business performance of the Firm from last three years, low gearing level, group companies operating in the same line of business. However rating is constrained by high level of competition in the market, Constitution of the business being proprietorship and cyclical nature of business operations of Construction Industry.

**Background:**

Binanda Kalita was established as a proprietorship concern in 1988 by Mr. Binanda Kalita.
The Firm is involved in Civil Construction activity and its registered office is located at Guwahati, Assam. The Firm undertakes Tender based civil construction in Assam, such as Road Construction projects, National highway construction work, State highway construction work, Road expansion and maintenance work, Rural development works, Bridge construction projects. The Firm undertakes works from Public Works Department (PWD) and National Highway Authority of India (NHAI) and EPC Contracts etc.

[1] ***Please refer to www.brickworkratings.com for definition of the Ratings***

**Management Profile:**

The management of the Firm consists of Mr. Binanda Kalita is the proprietor of the Firm. He is a B.A. Graduate and has experience around 30 years in the business.

Mr. Binanda Kalita is one of the renowned personalities in the region for Civil Construction works and established relationship with Public Works Departments and other Government Authorities in the region.

Mr. Binanda Kalita is also the director in other group companies such as Sweety Infrastructure Private Limited and B K Sons Constructions Private Limited which are also in the same line of business.

**Financial Performance:**

The Firm has achieved Total Operating Income from Rs 15.84 Crs in FY14 and Rs 15.12 Crs in FY15, The reduction in net receipts from operations is due to order execution delays however business operations remains stagnant and Total Debt/TNW of the Firm improved as it is reduced from 0.53 times in FY14 to 0.26 times in FY15 due to the reduction in the Debt Portion. However Networth position of the Firm remains stagnant and it is stood at 11.77 Crs for FY15. Net Cash Accruals to Total Debt of the firm improved 0.37 Crs in FY14 to 0.71 Crs in FY15. It has average liquidity position as reflected under Current ratio of 1.32 times for FY15.

**Rating Outlook:**

The rating outlook is expected to be stable over the year. The ability of the firm to timely execute the orders in hand and increase order book position to enhance the receipts of business operations, improve liquidity position and enhance its clientele of business are the key rating sensitivities.


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