Rating Rationale

Dhrubajyoti Borgohain

27 Jun 2018

Brickwork Ratings assigns the long term rating and short term rating for the Bank Loan Facilities of Rs. 5.20 Crs of Dhrubajyoti Borgohain (DB).

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating*
Fund Based			
Cash Credit (Existing)	**2.25**	**Long Term**	**BWR B+ (Pronounced as BWR Single B Plus) (Outlook: Stable)**
Proposed Additional Limit	**1.75**		
Term Loan	**0.55**		
Non Fund Based			
Bank Guarantee (Existing)	**0.40**	**Short Term**	**BWR A4 (Pronounced as BWR A Four)**
Proposed Additional Limit	**0.25**		
Total	**5.20**	**INR Five Crores and Twenty Lakhs Only**	

*** Please refer to BWR website www.brickworkratings.com/ for definition of the ratings**

Rating: Long Term and Short Term Rating Assigned

Brickwork Ratings assigned the long term rating of 'BWR B+' with "Outlook: Stable" and short term rating of 'BWR A4' to the bank loan facilities aggregating Rs. 5.20 Crores of Dhrubajyoti Borgohain.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating has inter alia, factored Promoter's extensive experience of over two decades in civil construction line of business, long existence of the firm for 22 years with satisfactory business history, year on year revenue growth from FY15 to FY17, low gearing and established relationship with customers and suppliers. However the rating is constrained by decline in operating income in FY18 and working capital intensive nature of business operations. Going

forward, ability of the firm to scale up its operations, to improve its profit margins and to maintain its gearing in an intensely competitive industry will remain the key rating sensitivities.

Rating Outlook: Stable

BWR believes that the business risk profile of Dhrubajyoti Borgohain 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.

Analytical Approach

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

Key Rating Drivers

Credit Strengths

- **Long Existence of the Firm:** The firm is in existence for 22 years with satisfactory business history.
- **Low Gearing :** The firm has maintained low gearing with debt to tangible net worth of 0.85 times in FY17.
- **Established Customer Base :** The firm has client base with well known telecom operators like Railtel Corporation of India Ltd., BSNL, Vodafone, Airtel, Tata Communication, Reliance & Idea Cellular, etc.

Credit Weaknesses :

- **Low Entry Barriers :** Entry barriers in Civil and Infrastructure industry are low on account of capital and technology requirements and the firm may face stiff competition from both organized and unorganized players in the industry.
- **Limitation of Proprietary Concern :** Limitations of the proprietary concern largely due to finances and decision making and also exposed to a risk of withdrawal of capital by the proprietor.

About the Firm

M/s. Dhrubajyoti Borgohain (DB) is an Assam based proprietorship concern promoted by Mr. Dhrubajyoti Borgohain in 1996. DB is engaged in providing civil construction/infrastructure services majorly telecom infrastructure support services. The firm is majorly into undertaking underground duct laying projects for telecom sector for clients like Railtel Corporation of India

Ltd., BSNL, Vodafone, Airtel, Tata Communication, Reliance & Idea Cellular, etc. The firm is also executing road construction projects of PWD, Assam from year 2000 onwards. The Firm is also into bulk transportation of LPG for IOC to various bottling plants

Firm's Financial Performance

The firm has registered a total operating income of Rs. 14.93 Cr in FY17 as against Rs. 13.96 Cr in FY16. The company has reported net profit margin of 7.37% and operating profit margin of 12.47 % in FY17. Tangible net worth of the firm stood at Rs. 2.99 Cr as on March 31, 2017.

On provisional basis, the firm has achieved sales of Rs. 12.71 Cr during April 1, 2017 to March 31, 2018.

Parameters	31-Mar-2015	31-Mar-2016	31-Mar-2017
	(Audited)	(Audited)	(Audited)
Total Operating Income (Rs. Crores)	5.90	13.96	14.93
EBIDTA (Rs. Crores)	-0.40	1.64	1.86
PAT (Rs. Crores)	0.36	0.95	1.10
Tangible Net Worth (TNW) (Rs. Crores)	0.99	1.60	2.99
Total Debt : TNW (Times)	2.85	1.03	0.85
Current Ratio (Times)	0.70	0.78	1.01

Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/ Facility	Current Rating (2018)			Rating History		
		Type	Amount (Rs. Crs)	Rating	2017	2016	2015
1	**Cash Credit**	**Long Term**	**4.00**	**BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable**	Nil	Nil	Nil
2	**Term Loan**		**0.55**				
3	**Bank Guarantee**	**Short Term**	**0.65**	**BWR A4 (Pronounced as BWR A Four)**			
Total			**5.20**	**INR Five Crores and Twenty Lakhs Only**			

Hyperlink/Reference to applicable Criteria

- General Criteria
- Approach to Financial Ratios
- Infrastructure Sector
- Short Term Debt

For any other criteria obtain hyperlinks from website

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Note on complexity levels of the rated instrument:
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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. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 11,99,663 Cr. In addition, BWR has rated over 6819 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹48,803 Cr have been rated.

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