



Rating Rationale

Discoy

25th July 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs 5.65 Crs of Discoy. (Discoy or 'The Firm')

Particulars

Facility Rated	Amount (Rs Crs)	Tenure	Rating *
Fund Based			
Working Capital Limit	0.70	Long Term	BWR B+ (Pronounced BWR B Plus) (Outlook : Stable)
Term Loan	0.45		
Non Fund Based			
Bank Guarantee	4.50	Short Term	BWR A4 (Pronounced BWR A Four)
Total	5.65	(INR Five Crores and Sixty Five Lakhs Only)	

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results of the Firm upto FY16, Provisional financial of FY17, publicly available information and information/clarifications provided by the Firm's management.

The rating draws strength from the experience of the partners in their line of business, moderate growth in revenue and low debt level. The rating is however constrained by low net worth, competition in the business, sensitivity to any regulatory changes in their field of business. Further, being a partnership firm any withdrawal of the capital by the partners would have an adverse affect in their financials which would be a rating sensitive.



Rating Outlook: Stable

BWR believes the Discoy's 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 Firm

Discoy is a Bangalore based construction firm established as proprietorship concern in 1995. Later in 2009, it was converted into a partnership firm between Mr. Sunil S Diwakar and Mr. S P Diwakar. The firm is engaged in civil construction of industrial building, commercial complexes, technology centers, institutional buildings, and warehouses. Moreover, Discoy has floated a new company- Discoy Construction Pvt. Ltd. in March 2017 and has sold its major assets and liabilities to the new company on slump sale basis.

Financial Performance.

Discoy has reported net revenue of Rs 21.60 Crs and PAT of Rs 0.82 Crs in FY 16 as against net revenue of Rs 2.66 Crs and PAT of Rs (0.33) Crs in FY15. On a Provisional basis, the firm has achieved net revenue of Rs 20.43 Crs for FY 17.

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument /Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	2016	2015	2014
	Fund Based	Long Term	1.15	BWR B +	NA	NA	NA
	Non Fund Based	Short Term	4.50	BWR A4	NA	NA	NA



Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Rating Criteria for Manufacturing Companies](#)

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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, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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