

Rating Rationale

Brickwork Ratings assigns 'BWR B' rating for the Bank Loan Facilities aggregating ₹ 6.00 Cr of M/s Disha Construction

Brickwork Ratings has assigned the following **Ratings**¹ to the Bank Loan Facilities of Rs. 6.00 Cr of M/s Disha Construction (DC or the 'Firm'):

Facility	Limit (₹ Cr)	Tenure	Rating
Fund Based Cash Credit	6.00	Long Term	BWR B (Pronounced BWR Single B) Outlook: Stable
Total	6.00	(INR Six Crores only)	

BWR has principally relied upon the audited financial results up to FY16, projected financials of FY17, publicly available information and information/clarification provided by the Firm.

The rating draws comfort from the established brand name of Jindal Panther TMT rebars, growth in revenue, and improvement in Net worth. The rating is, however, constrained by small scale of operations, the risks inherent in Proprietorship Firm, high competition, price volatility of traded products and working capital intensive operations. The rating also factors in low profitability and cash accruals due to trading nature of business.

Background

M/s Disha Construction is a proprietorship concern established in the year June 2006. However, its commercial operations started in 2014-15. The Firm is an authorized distributor of Jindal Panther TMT rebars, a brand of Jindal Steel & Power Limited for states of Mizoram, Manipur, Nagaland, Arunachal Pradesh and Tripura.

Management

The Proprietor of the Firm, Mrs. Mira Banik, has good business experience. She is also engaged in running a play school in Guwahati.

Financial Performance

M/s Disha Construction reported Total Operating Income of Rs. 50.84 Crores in FY16 against Rs. 11.68 Crores in FY15. In FY 16, the Firm reported Net Profit of Rs. 0.40 Crore against Rs. 0.12 Crore in FY15.

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

Rating Outlook

The outlook of the Firm is expected to be stable for the next year. Going forward, the Firm's ability to improve its scale of operations, profitability and efficient management of working capital shall remain the key rating sensitivities.

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