

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 16.05 Crores of Dudi & Company.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based Term Loan O.D Limit	1.55 2.50	Long Term	BWR BB (Pronounced as BWR Double B) Outlook: Stable
Non Fund Based Bank Guarantee	12.00	Short Term	BWR A4+ (Pronounced as BWR Single A Four Plus)
Total	Rs 16.05 Crores (INR Sixteen Crores Five Lakhs Rupees Only)		

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

Rating Assigned:

BWR has assigned Long Term Rating of BWR BB (*Outlook: Stable*) and Short Term Rating of BWR A4+ for the bank loan facilities for Dudi & Company . (‘the firm’)

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the Firm’s audited financial results upto FY18, Provisional Numbers of FY19, and publicly available information and information/clarifications provided by the Firm’s management.

The rating draws strength from the Extensive experience of the Promoters in construction business, long track record of business for more than twenty years in the same line of business, low gearing level, and comfortable profitability margins. However, the rating is constrained by negative conversion cycle, and tender based business. Going forward, the ability of the Firm to maintain low gearing level, profitability margin, improve its negative conversion cycle, and risk of tender based business and timely completion of projects, as the company is engaged in civil construction work of roads and bridges with Rajasthan Government and Madhya Pradesh Government would be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

1. **Extensive Experience of Promoters :** The Promoters of company have around 2 decades of experience in the civil construction industry. The firm has successfully completed several projects with various government authorities in Madhya Pradesh and Rajasthan. The company has a long track record of business for more than 20 years that helps them to maintain a better relationship with their customers and suppliers as well.
2. **Low Gearing Level ;** The Company has low gearing level with TOL: TNW of 1.84 Times and TD/TNW of 1.89 Times in FY18. It has deteriorated as compared to the previous year of 1.53 Times and 1.85 Times in FY17 due to increase in their bank borrowings but it is still at a low level.
3. **Comfortable Profitability Margins :** The firm has comfortable Profitability Margins with Operating Profitability Margins of 16.22% and Net Profitability Margins of 4.51% in FY18.

Credit Weakness:

1. **Negative Conversion Cycle :** The company has negative Conversion cycle of 111 days due to high days payable of 140 days in FY18.
2. **Tender Based Business :** The firm acquires orders mainly by bidding for tenders floated by government authorities. The firm's scale of operations is hence susceptible to its ability to successfully bid for new tenders and timely completion of projects.

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).

Support from Holding/Subsidiary Firm:

The Firm has associate concerns with the name of Prabhu Dayal Dudi Petrol Pump, Ghanshyam Trading Company and Jai Dayal Agro but there is no operational linkages between them.

Liquidity

The Firm has liquid investments of F.D.R of Rs 2.78 crores and Cash & Bank Balances of Rs 1.65 crores in FY18. Current ratio was at 2.30 times in FY18. Average working capital utilization for the six months period (November 2018 to May 2019) is 45%. The conversion cycle has been negative at 111 days in FY18. The Firm has current maturities of long term debt is Rs 0.36 crores in FY18. The Firm ISCR at 2.77 times and Debt Service Coverage Ratio of 1.35 Times as on March 31 2018.



Rating Outlook: *Stable*

BWR believes the **Dudi and Company** 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

Dudi & Company incorporated in 1996, with Partners namely Mr Prabhu Dayal Dudi and Mr Jai Dayal Dudi. The Company is engaged in civil construction work of roads and bridges. The firm is AA class contractor with PWD of State Government. The firm has its office located at Bikaner Rajasthan.

Firm Financial Performance

Total operating income (TOI) of the Firm has improved from Rs 25.92 Cr in FY17 to Rs 39.34Cr. in FY18.. PAT has improved from Rs 1.56 Cr in FY17 to Rs. 1.77 Cr in FY18.

Key Financial Indicators

Key Parameters	Units	FY18 (A)	FY17 (A)
Result Type			
Operating Revenue	₹ Cr	39.34	25.92
EBITDA	₹ Cr	6.38	4.94
PAT	₹ Cr	1.77	1.56
Tangible Net worth	₹ Cr	11.43	10.64
TOL:TNW	Times	1.84	1.53
Current Ratio	Times	2.30	3.29



Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2019)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2018	2017	2016
1.	Fund Based Term Loan O.D Limit	Long Term	1.55 2.50	BWR BB (Pronounced as BWR Double B) Outlook: Stable	NA	NA	NA
2.	Non Fund Based Bank Guarantee	Short Term	12.00	BWR A4+ (Pronounced as BWR Single A Four Plus)	NA	NA	NA
	Total		16.05	Sixteen Crores Five Lakhs ₹ Only			

Status of non-cooperation with previous CRA (if applicable)- Crisil BB/A4+ as of 28.02.19 (Issuer not Cooperating)

Any other information : Nil

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure](#)

For any other criteria obtain hyperlinks from website

Analytical Contacts	Investor Contacts
<p>VK Kukreja Associate Director - Ratings B: +91 11 2341 2232 kukreja.vk@brickworkratings.com</p> <p>Aman Sharma Ratings Analyst B: +91 172 5032 295/6 aman.s@brickworkratings.com</p>	<p>Satish Nair Director - Global Market Development & Investor Relations M: +91 7738875550 B: +91 22 6745 6666 satish.n@brickworkratings.com</p>
1-860-425-2742	



For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

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.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.