

Dodsal Enterprises Private Limited

April 04, 2023

Facilities	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	105.00	CARE C; Stable; ISSUER NOT COOPERATING*	Revised from CARE B-; Stable and moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	129.58	CARE C; Stable / CARE A4; ISSUER NOT COOPERATING*	Revised from CARE B-; Stable / CARE A4 and moved to ISSUER NOT COOPERATING category

Details of facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

Dodsal Enterprises Private Limited (DEPL) has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE Ratings Ltd.'s rating on DEPL's bank facilities will now be denoted as **CARE C; Stable/CARE A4; ISSUER NOT COOPERATING***.

Users of this ratings (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.

The ratings have been revised on account of stretched liquidity position of the company leading to overdrawal in the working capital limits.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers:

At the time of last rating on March 09, 2022, the following were the rating strengths and weaknesses (updated for the information received from the company):

Key weaknesses

Liquidity: Stretched: The liquidity position of the company is stretched owing to continued cash losses during the past few years. There has been overdrawn in the working capital limit due to delay in payment of interest for the month of February 2023 which was due on March 02, 2023. Partial interest payment was not serviced till March 27, 2023 leading to limits being overdrawn as confirmed by the banker.

Deteriorating operational and financial performance of the company: The company has recorded deterioration in operational and financial performance for the past three fiscals with revenue declining from Rs.84.28 crore in FY19 to Rs.49.77 crore in FY21. However, the company reported growth in revenue by 29% to Rs.64.35 crore in FY22 but reported operating loss of Rs.5.06 crore along with continued net loss & cash loss for the year.

Diminishing revenue visibility: DEPL currently has only one project in its orderbook from Nuclear Power Corporation of India Limited (NPCIL) which is also almost completed and is expected to be completed by April 2023. The lack of revenue visibility post completion of this project has heightened the cashflow risk thereby constraining the credit profile of the company.

Highly working capital-intensive nature of operations: The operations of DEPL are highly working capital intensive with dependency on single sources of revenue i.e. execution of single order from NPCIL. A significant amount of working capital is

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

blocked in form of receivables and work in progress due to contractual obligations leading to elongated working capital cycle beyond normal levels.

Key strengths

Experience of promoters and strong parentage of the company: DEPL belongs to the Dodsals group, founded in Mumbai, India, in 1948 by the Nandlal Kilachand family. The group moved its headquarters from Mumbai to Dubai in 2003. The group has demonstrated experience of more than four decades in the execution of the turnkey projects. Furthermore, the group had executed projects for reputed clients such as Abu Dhabi Gas Industries Ltd, Saipem S.p.A, Italy, etc.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Construction](#)

[Policy on Withdrawal of Ratings](#)

About the company and industry

Industry Classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Industrials	Construction	Construction	Civil Construction

Dodsals Enterprises Private Limited (DEPL), a closely held company formerly known as Dodsals Engineering & Construction Pvt Ltd till August 2009, belongs to the Dubai-based Dodsals group. DEPL was established in 1948 to carry out the engineering and construction contracts (EPC Division) in India and later diversified into business such as Casual Dining Restaurant (Food Division) and Trading (Agency Division). The food business was sold to Samara Capital (Private Equity) in September 2015.

Brief Financials:

Brief Financials (₹ crore)	31-03-2021 (A)	31-03-2022 (A)
Total operating income	49.77	64.35
PBILDT	3.25	(5.06)
PAT	(14.01)	(20.68)
Overall gearing (times)	1.03	1.01
Interest coverage (times)	0.19	(0.31)

A: Audited, Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument/facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	105.00	CARE C; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT/ST-BG/LC	-	-	-	-	129.58	CARE C; Stable / CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Cash Credit	LT	105.00	CARE C; Stable; ISSUER NOT COOPERATING*	-	1)CARE B-; Stable (09-Mar-22) 2)CARE D; ISSUER NOT COOPERATING* (25-Nov-21)	1)CARE BB (CE); Stable; ISSUER NOT COOPERATING* (21-Oct-20)	1)CARE BB (CE); Stable; ISSUER NOT COOPERATING* (13-Sep-19)
2	Non-fund-based - LT/ST-BG/LC	LT/ST*	129.58	CARE C; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE B-; Stable / CARE A4 (09-Mar-22) 2)CARE D; ISSUER NOT COOPERATING* (25-Nov-21)	1)CARE BB (CE); Stable / CARE A4 (CE); ISSUER NOT COOPERATING* (21-Oct-20)	1)CARE BB (CE); Stable / CARE A4 (CE); ISSUER NOT COOPERATING* (13-Sep-19)

*Issuer did not cooperate; based on best available information.

*Long term/Short term

Annexure-3: Detailed explanation of the covenants of the rated facilities:

Name of the Instrument	Detailed Explanation
A. Financial covenants	
I Total Debt/PBILD	Less than 5.5x
II Total Debt/Tangible Net Worth	Less than 1.3x
III EBITDA	EBITDA above 8%
B. Non financial covenants	
	Audited Financial Statements to be submitted annually
	Quarterly progress report for NPCIL project to be submitted
	Quarterly financials to be submitted within 45 days of the quarter end

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - LT/ST-BG/LC	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Saikat Roy Senior Director CARE Ratings Limited Phone: +91-22-67543404 E-mail: saikat.roy@careedge.in</p>	<p>Analytical Contacts</p> <p>Maulesh Desai Director CARE Ratings Limited Phone: +91-79-40265605 E-mail: maulesh.desai@careedge.in</p> <p>Setu Gajjar Assistant Director CARE Ratings Limited Phone: +91-79-40265615 E-mail: puja.jalan@careedge.in</p> <p>Yashmin Revawala Lead Analyst CARE Ratings Limited E-mail: yashmin.revawala@careedge.in</p>
---	---

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For the detailed Rationale Report and subscription information,
please visit www.careedge.in**