Picasona Enterprises(Proprietor : Ramesh Prasad)

September 05, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	10.00 (Enhanced from 7.50)	CARE BB-; Stable	Reaffirmed
Short Term Bank Facilities	13.00 (Enhanced from 7.50)	CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of ratings assigned to the bank facilities of Picasona Enterprises (Proprietor : Ramesh Prasad) (PE) takes into consideration the moderation in revenues of the firm in FY25 owing to delays in execution of contracts, firm's tender driven nature of operation with exposure to intense competition, inherent risk associated with construction sector working capital intensive nature of operations and its constitution as a proprietorship entity.

The aforementioned weaknesses get partially offset by the experience of the promoters in the business, the firm's improved order book position in FY26 with reputed clientele and satisfactory capital structure and debt protection metrices.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Change in constitution from proprietorship to limited company.
- Improvement in operating income over Rs. 250 crore while maintaining operating margins at current levels on a sustained basis.
- Improvement in gross current asset days below 200 days on a sustained basis.

Negative factors

- Moderation in operating income to below Rs. 120 crores on a sustained basis.
- Moderation in gross current asset days above 400 days on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects the firm's ability to improve its revenues going ahead with stable margins while maintaining its capital structure.

Detailed description of key rating drivers:

Key Weaknesses

Moderation in financial performance and profitability in FY25

During FY25, the TOI decreased by 56.69% on y-o-y basis to Rs. 75.78 crore (FY24: Rs 174.97 crore) majorly owing to slow execution of the projects arising from various issues including land acquisition by the clients and delayed approvals from Railway Department for the drawings. The PBILDT margin also moderated to 7.35% due to the moderation in scale. However, the scale of operations is expected to improve gradually in medium term with clearances received for the existing orders along with improved order flow and better execution of orders.

Tender-based nature of operations in an intensely competitive construction industry

PE receives most of its work orders from Indian railways. All orders are tender based, and the revenues are dependent on the PE's ability to bid successfully for these tenders indicating a risk of non-receipt of contract in a competitive industry. Also, the profitability margins of the firm may come under pressure because of the competitive nature of the industry. There are numerous

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

organized and unorganized players operating in the segment due to which there is intense competition. However, the promoters' long industry experience in railway construction industry mitigates this risk to some extent.

Constitution as a proprietorship concern with risk of withdrawal of capital
Proprietorship nature of business has an inherent risk of withdrawal of capital by the proprietor at the time of his personal contingency resulting in reduction of capital base leading to adverse effect on capital structure. Furthermore, proprietorship firms have restricted access to external borrowing as credit worthiness of proprietor would be the key factors affecting credit decision for the lenders. PE, being a proprietorship firm, is exposed to inherent risk of the proprietorship's capital being withdrawn at time of personal contingency and firm being dissolved upon the death/retirement/insolvency of the proprietor.

Inherent risk associated with the construction sector
Inherent risks involved in the construction industry such as aggressive bidding, interest rate risk, volatile commodity prices and delays in project due to unavailability of dates from railway departments for executing the work have collectively affected the credit profile of the developers in the past.

Working capital intensive nature of business
The operations of firm are working capital intensive due to tender based and long-term nature of contracts. Further, a part of the sales proceeds is also withheld in the form of retention money due to duration of construction projects, which gets released after the successful completion of performance guarantee test period. The collection period of the firm moderated to 268 days in FY25 (FY24: 131 days) owing to increase in outstanding retention money and moderation in turnover during the year. In addition, the gross current asset (days) also moderated to 752 days in FY25 leading to high working capital requirement for the business. However, the same is expected to improve going ahead with improvement in scale of operation.

Key Strengths

Improved order book position and reputed clientele leading to low counterparty risk
PE has executed contracts of reputed companies. The clientele includes names like ESL Steel Limited, Dalmia Cement (Bharat) Limited, Ambuja Cement Limited, Hindustan Zinc Limited, Shree Cement Limited, Ultratech Cement Limited, which ensures timely receipt of receivable and thus mitigates the counterparty credit risk to a large extent. The firm receives order book for both short term and long-term duration. The order book position of the firm improved to Rs. 461 crores as on August 12, 2025 (PY: Rs 125 crores as on April 01, 2024) which is 6x of FY25 turnover. The entity receives order on an ongoing basis for railway signalling and sidings. Some of the contracts for railway signalling are for shorter duration of 3-4 months. Also, the company receives orders from existing clients as scope expansion of existing orders on a consistent basis.

Satisfactory capital structure and debt coverage metrices
The capital structure of the firm remains satisfactory albeit slight moderation in FY25, due to increase in mobilisation advances, which stood at Rs 24.27 crore as on March 31, 2025, as against Rs 10.52 crores in previous year. The overall gearing as on March 31, 2025 stood at 1.31x (PY: 0.98x). The total debt to GCA also declined from 2.32x as on March 31, 2024 to 5.87x as on March 31, 2025 owing to moderation in turnover during FY26. The capital structure is expected to improve going ahead with no addition of term loans envisaged.

Liquidity: Adequate.
The liquidity of Picasona Enterprises is marked adequate with a gross cash accrual of Rs. 5.53 crore in FY25 as against loan repayment obligation of around Rs 0.42 crore. During FY26, the company has debt repayment obligation around Rs 0.50 crore, which is expected to be met comfortably. The GCA levels are expected to improve in near term, given the expected improvement in operating income. Furthermore, the company had cash and liquid balance of Rs. 27.56 crore and lien marked FD with bank of Rs 4.59 crore as on March 31, 2025. The average utilisation of Rs 10 crore fund-based limit stood at around 50%, whereas utilisation of non-fund limits stood at around 69% as on June 30, 2025.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Construction Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Picasona Enterprises (PE) is a proprietorship firm headed by Mr. Ramesh Prasad in Kolkata, West Bengal. The firm started its operation in the year 1993. The firm carries out detailed designs and drawings for all types of rail infrastructure like signalling/telecom works, civil engineering, electrical engineering, etc. The firm has successfully completed number of construction works/projects for private railway sidings and siding works of various industries. The firm is equipped with a team of qualified professionals in all sectors of Civil Engineering, Signalling/Telecom Works & OHE, majorly for Railway sidings.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	174.97	75.78
PBILDT	15.13	5.57
PAT	8.42	5.12
Overall gearing (times)	0.98	1.31
Interest coverage (times)	10.52	7.39

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable.

Any other information: Not Applicable.

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of 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 and Rating Outlook
Fund-based - LT-Bank Overdraft		-	-	-	10.00	CARE BB-; Stable
Non-fund-based - ST-Bank Guarantee		-	-	-	13.00	CARE A4

Annexure-2: Rating history for 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 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Non-fund-based - ST-Bank Guarantee	ST	13.00	CARE A4	-	1)CARE A4 (06-Aug-24)	-	-
2	Fund-based - LT-Bank Overdraft	LT	10.00	CARE BB-; Stable	-	1)CARE BB-; Stable (06-Aug-24)	-	-

LT: Long term; ST: Short term.

Annexure-3: Detailed explanation of covenants of rated instruments/facilities : Not Applicable.

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Bank Overdraft	Simple
2	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

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

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