

**Abhijit Datta**  
 January 22, 2021

**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	1.96	CARE B; Stable; ISSUER NOT COOPERATING* (Single B; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B+; Stable; (Single B Plus; Outlook: Stable)
Short Term Bank Facilities	3.30	CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
<b>Total Bank Facilities</b>	<b>5.26</b> <b>(Rs. Five Crore and</b> <b>Twenty-Six Lakhs Only)</b>		

*Details of facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

CARE has been seeking information from **Abhijit Datta (AD)** to monitor the rating vide e-mail communications/letters dated December 02, 2020, December 09, 2020 and January 04, 2021 and numerous phone calls. However, despite our repeated requests, the entity has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on AD's bank facilities will now be denoted as **CARE B; Stable; ISSUER NOT COOPERATING\*** and **CARE A4; ISSUER NOT COOPERATING\***. Further due diligence with the banker and auditor could not be conducted.

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

**Detailed description of the key rating drivers**

At the time of last rating in November 29, 2019 the following were the rating strengths and weaknesses:

**Key Rating Weaknesses:**

**Small scale of operations with moderate profit margins:** AD is a relatively small player in the construction industry marked by its total operating income of Rs.13.77 crore with a PAT of Rs.0.70 crore in FY17. Further, the net worth base and total capital employed was low at Rs.2.44 crore and Rs.3.89 crore, respectively, as on March 31, 2017. The operating margin marginally improved in FY17 and the same stood at 6.26% in FY17 as against 6.21% in FY16. However, the PAT margin deteriorated during FY17 and the same stood at 5.05% in FY17 as against 5.08% in FY16.

**Working capital intensive nature of business and exposure to volatility in input prices:** The major input materials for the firm are bitumen, asphalt, murrum, stone chips and metals, the prices of which are volatile. Further the orders executed by the firm does not contain price escalation clause and thus the firm remains exposed to the price volatility of the input materials. This apart, any increase in labour prices will also impact its profitability being present in a highly labour intensive industry.

**Client concentration risk albeit reputed clientele:** AD executes orders mainly for various public sector units like PWD and ONGC and earns revenue of about 80%-90% of its total operating income from the above clients which exposes it to client concentration risk. However, the firm has long standing relationship with these clients for more than a decade which offsets the risk to some extent. Further the clients of the firm are government units and hence, risk of default is minimal.

**Proprietorship nature of constitution:** AD, being a proprietorship firm, is exposed to inherent risk of the proprietor's capital being withdrawn at time of personal contingency and firm being dissolved upon the death/insolvency of the proprietor. 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.

**Intense competition and tender driven process risk:** The firm has to bid for the contracts based on tenders opened by the various public sector units. Upon successful technical evaluation of various bidders, the lowest bid is awarded the contract. The firm receives projects which majorly are of a short to medium tenure (i.e. to be completed within maximum period of one to two years). Apart from this, present economic slowdown is also having a negative bearing on the construction sector which may also hinder the growth of the firm. Furthermore, orders are generally tender driven floated by government units indicating a risk of non-receipt of contract in a competitive industry.

### Key Rating Strengths

**Experienced proprietor and long track record of operations:** The firm is into civil construction business since 1992 and thus has a long track record of operations of around 26 years. Due to long track record of operations the firm has established satisfactory relationship with its clients. Furthermore the proprietor; Mr. Abhijit Datta (Proprietor) has more than two decades of experience in civil construction business and he looks after the day to day operations of the firm. He is supported by a team of experienced professionals.

**Healthy order book position:** AD has an order book position of Rs.26.00 crore (1.44x of FY18 total operating income) as on August 31, 2018 which is to be completed by March 2019. The healthy order book position indicates good revenue visibility in near to medium term.

**Comfortable capital structure with satisfactory debt coverage indicators:** The capital structure of the firm remained comfortable marked by nil debt equity ratios and overall gearing ratios at 0.59x as on March 31, 2017. The debt coverage indicators also remained satisfactory marked by interest coverage ratio of 5.58x and total debt to GCA of 2.01x in FY17.

**Analytical approach:** Standalone

#### Applicable Criteria

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

[Criteria on assigning 'outlook' and 'credit watch'](#)

[Rating Methodology – Construction Sector](#)

[Criteria for Short Term Instruments](#)

[Financial ratios – Non-Financial Sector](#)

[CARE's Policy on Default Recognition](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

#### About the Entity

Abhijit Datta (AD) was established as a proprietorship firm in 1992 by Mr. Abhijit Datta of Tripura. Since its inception, the firm has been engaged in civil construction activities in the segment like construction of buildings, bridges, roads, etc. The firm is classified as Class 1 contractor by Public Works Division, Tripura which indicates that the firm can participate for higher value contracts released by government departments. AD participates in tenders and executes orders for the Public Works Department (Tripura), Oil and Natural Gas Corporation.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	7.52	13.77
PBILDT	0.47	0.86
PAT	0.38	0.70
Overall gearing (times)	0.79	0.59
Interest coverage (times)	7.13	5.58

A: Audited

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

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

#### Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Proposed Term Loan	-	-	-	0.46	CARE B; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit	-	-	-	1.50	CARE B; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantees	-	-	-	3.30	CARE A4; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; Based on best available information

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	0.46	CARE B; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (29-Nov-19)	1)CARE BB-; Stable (26-Sep-18)	-
2.	Fund-based - LT-Cash Credit	LT	1.50	CARE B; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (29-Nov-19)	1)CARE BB-; Stable (26-Sep-18)	-
3.	Non-fund-based - ST-Bank Guarantees	ST	3.30	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (29-Nov-19)	1)CARE A4 (26-Sep-18)	-

\*Issuer did not cooperate; Based on best available information

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Not Applicable**
**Annexure 4: Complexity level of various instruments rated for this Company**

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Fund-based - LT-Term Loan	Simple
3.	Non-fund-based - ST-Bank Guarantees	Simple

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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### **About CARE Ratings:**

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