

MAY 5, 2016

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF CEIGALL INDIA LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	7	CARE BB- (Double B Minus)	Reaffirmed
Short-term Bank Facilities	26	CARE A4 (A Four)	Reaffirmed
Total Facilities	33 (Rupees Thirty Three crore only)		

Rating Rationale

The ratings assigned to the bank facilities of Ceigall India Limited (CIL) continue to be constrained by its modest scale of operations, leveraged capital structure and working capital intensive nature of operations. The ratings are further constrained by its presence in a highly fragmented and tender-driven construction industry. The ratings, however, derive strength from the experience of the promoters, healthy albeit fluctuating profitability margins, healthy order book position and positive outlook for the construction industry.

The ability of the company to increase its scale of operations and profitability margins, along with improvement in the capital structure and efficient management of the working capital requirements shall remain the key rating sensitivities.

Background

Ceigall India Limited (CIL) was initially established as a private limited company in July-2002 under the name Ceigall Builders Private Limited by Mr Mohinder Pal Singh and his family members. Later on in February-2011 the company changed its constitution to a Public limited co. under the name CIL. The company is engaged in road construction, bridges, flyovers and other civil construction works in both Punjab and Haryana. CIL is registered as a "First class" contractor with Public Works Department of Punjab and secures its contracts through a competitive bidding process.

For FY15 (refers to the period April 01 to March 31), CIL reported a total income of Rs.75.70 crore with PAT of Rs.2.21 crore, as against the total income of Rs.49.96 crore with PAT of Rs.1.77crore in FY14. Furthermore, in 9MFY16 (Provisional), the company has achieved a total operating income of Rs.61.47 crore with PBILDT margin of 14.95%.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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