

AUGUST 03, 2016

CARE REVISES THE LT RATING AND REAFFIRMS THE ST RATING ASSIGNED TO THE BANK FACILITIES OF CEIGALL INDIA LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	9 (enhanced from 7)	CARE BB (Double B)	Revised from CARE BB- (Double B Minus)
Short term Bank Facilities	39 (enhanced from 26)	CARE A4 (A Four)	Reaffirmed
Total Facilities	48 (Rupees Forty Eight crore only)		

Rating Rationale

The revision in the long-term rating assigned to the bank facilities of Ceigall India Limited (CIL) takes into account increasing income and improving solvency position of the company in FY16 (Provisional; refers to the period April 01 to March 31) along with healthy order book position. The ratings continue to derive strength from the experience of the promoters and positive outlook for the construction industry. The ratings, however, are constrained by its working capital intensive nature of operations, presence in a highly fragmented and tender-driven construction industry.

The ability of the company to profitably scale-up its operations, improve its capital structure and manage the working capital requirements efficiently 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 Public limited, under the name CIL. The company is engaged in road construction, bridges, flyovers and other civil construction works in Punjab, Haryana, Himachal Pradesh, Bihar and Chandigarh (U.T.). CIL secures its contracts through a competitive bidding process.

In FY16 (Provisional; refers to the period April 01 to March 31), CIL reported a PAT of Rs. 4.26 crore on the total income of Rs.122.79 crore as against a PAT of Rs.2.21 crore on the total income of Rs.75.70 crore in FY15 (Audited).

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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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