Dilip Buildcon Limited
March 01, 2019

Ratings

Sr. No.	Facilities	Amount (Rs. crore)	Rating[1]	Rating Action
1	Long Term / Short Term Bank Facilities (Non-Fund Based) - Bank Guarantee **#**	110.75	**Provisional CARE AAA (SO); Stable / CARE A1+ (SO) [Provisional Triple A (Structured Obligations); Outlook: Stable / A One Plus (Structured Obligations)]**	Assigned
2	Long Term / Short Term Bank Facilities (Non-Fund Based) - Bank Guarantee **^**	110.75		
	Total Facilities	**221.50 (Rupees Two hundred Twenty One crore and Fifty Lakh only)**		

Details of facilities in Annexure-1

Backed by unconditional and irrevocable counter guarantee from L&T Infrastructure Finance Company Ltd (LTIFCL, rated CARE AAA; Stable/ CARE A1+). The ratings assigned to these bank facilities is currently provisional and shall be confirmed upon issuance of bank guarantee by the lender and submission of other relevant documents to the satisfaction of CARE Ratings Limited (CARE).

^ To be backed by proposed unconditional and irrevocable counter guarantee from LTIFCL. The ratings assigned to these bank facilities is provisional and shall be confirmed upon receipt of counter guarantee deed from LTIFCL, issuance of bank guarantee by the lender and submission of other relevant documents to the satisfaction of CARE.

Detailed Rationale & Key Rating Drivers

The ratings assigned to the above-mentioned bank facilities of Dilip Buildcon Limited (DBL) in Sr. No. 1 derives credit enhancement in the form of an unconditional and irrevocable counter guarantee (CG) issued by L&T Infrastructure Finance Company Ltd (LTIFCL, rated CARE AAA; Stable/ CARE A1+). Further, the ratings assigned to the bank facilities of DBL in Sr. No. 2 derives credit enhancement in the form of an unconditional and irrevocable counter guarantee to be executed by LTIFCL.

Detailed description of the key rating drivers of counter guarantee provider i.e., LTIFCL is available on our website www.careratings.com.

Brief description of the transaction:

LTIFCL has sanctioned term loans of Rs.758.40 crore to DBL Anandapuram Anakapali Highways Private Limited (DAAHPL), a Hybrid Annuity Model (HAM) project sponsored by DBL. Since LTIFCL could not sanction non-fund based working capital limits to DAAHPL, DBL has approached Yes Bank Ltd to issue Bank Guarantee (BG) for enabling DAAHPL to avail mobilization advances (MA) from NHAI. Consequently, Yes Bank Ltd has sanctioned BG limit of Rs.221.50 crore which is backed by/proposed to be backed by the unconditional and irrevocable counter guarantee (CG) from LTIFCL. DAAHPL is entitled to receive MA equivalent to 10% of the bid project cost in two equal installments (i) Any time after appointed date (ii) Any time after 60 days from the appointed date. BG equivalent to 110% of MA (in two equal tranches) is required to be issued to NHAI for availing mobilization advances. Currently, DBL has approached Yes Bank Ltd to issue the first tranche of the MA BG of Rs.110.75 crore for which LTIFCL has executed the deed of counter guarantee. The CG on second tranche of the BG is proposed to be executed before its issuance.

Following are the key terms of the CG of LTIFCL from which the rating of the above-mentioned bank guarantees of DBL derives credit enhancement:

- LTIFCL guarantees and undertakes to pay to the lender (i.e., Yes Bank Ltd) within two business days of the receipt of claim notice, without demur objection or dispute, sums for which it has extended CG as aforesaid on the receipt of a written demand, in connection with the payments made under the mobilization advance BG by the lender to the extent of the guarantee amount. The lender shall make the payment within two business days of the receipt of claim notice to the authority (i.e. NHAI) and upon payment to the authority under the mobilisation advance BG provide evidence of such payment to the guarantor (i.e. LTIFCL) within one business day from the date of such payment.
- The liability of the guarantor under the CG shall not be affected and the guarantor shall continue to be liable to the lender for the payment of the amounts guaranteed even if the borrower (i.e. DBL) be wound up through

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications*

court or otherwise or any winding up proceedings were to be filed against the borrower or enter in to any arrangements or make any composition with its creditors.

- The CG is irrevocable and constitutes legal and binding obligations of the guarantor, their successors, and shall continue to be in full force and effect notwithstanding any condition precedent to disbursement, availability period, change, modification, and/or waiver in the terms and conditions of the Mobilisation advance BG issued to the lender in favour of the Authority.

Analytical approach: Bank Guarantee limits of DBL as mentioned in Sr. No. 1 are backed by and in Sr. No. 2 are proposed to be backed by an unconditional and irrevocable counter guarantee from L&T Infrastructure Finance Company Ltd (LTIFCL). Accordingly, the assessment of LTIFCL has been done so as to factor the credit enhancement it provides on the rated bank guarantee limits of DBL.

Applicable criteria:
Criteria on assigning Outlook to Credit Ratings
CARE's Policy on Default Recognition
Criteria for Short Term Instruments
Rating Methodology - Factoring Linkages in Ratings
Rating Methodology - Infrastructure Sector Ratings
Rating Methodology - Non Banking Finance Companies (NBFC)
Financial Ratios – Non-Financial Sector
Financial ratios – Financial sector

About the company (DBL)
Incorporated in 2006 by Mr. Dilip Suryavanshi and family, DBL is a Bhopal-based company engaged in the construction of roads on EPC basis and a developer of roads on BOT basis/ HAM model. DBL was initially started as a proprietorship firm "Dilip Builders" in 1988-89 and subsequently converted into a public limited company. During August 2016, DBL has successfully completed initial public offer (IPO) of Rs.654 crore which included fresh issue of Rs.430 crore and balance through sale of partial stake by promoters and investor, Banyan Tree Growth Capital LLC. Recently, DBL has been awarded as "Fastest Growing Construction Company (Large) Award" and "India's Top Challengers Award 2018" at 16th Construction World Global Award 2018.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	5,107	7,759
PBILDT	1,002	1,415
PAT	361	620
Overall gearing (times)	2.21	1.88
Interest coverage (times)	2.41	3.05

A: Audited

As per provisional published results for 9MFY19, DBL earned TOI of Rs.6,575 crore (9MFY18: Rs.5,199 crore) and PAT of Rs.545 crore (9MFY18: Rs.403 crore).

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not Applicable

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

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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

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

About CARE Ratings:
CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market

built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Annexure - I: 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
Non-fund-based-LT/ST	-	-	-	110.75	Provisional CARE AAA (SO); Stable / CARE A1+ (SO)
Non-fund-based-LT/ST	-	-	-	110.75	Provisional CARE AAA (SO); Stable / CARE A1+ (SO)

Annexure - II: 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 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Working Capital Demand loan	LT	378.09	CARE A; Stable	1)CARE A; Stable (12-Dec-18)	1)CARE A+ (Under Credit watch with Developing Implications) (05-Sep-17) 2)CARE A+; Stable (21-Jun-17)	1)CARE A- (21-Oct-16)	1)CARE A- (24-Feb-16) 2)CARE A- (27-Oct-15)
2.	Fund-based - LT-Cash Credit	LT	1620.00	CARE A; Stable	1)CARE A; Stable (12-Dec-18)	1)CARE A+ (Under Credit watch with Developing Implications) (05-Sep-17) 2)CARE A+; Stable (21-Jun-17)	1)CARE A- (21-Oct-16)	1)CARE A- (24-Feb-16) 2)CARE A- (27-Oct-15)
3.	Non-fund-based - LT/ ST-BG/LC	LT/ST	210.00	CARE A; Stable / CARE A1	1)CARE A; Stable / CARE A1 (12-Dec-18)	1)CARE A+ / CARE A1 (Under Credit watch with Developing Implications) (05-Sep-17) 2)CARE A+; Stable / CARE A1 (21-Jun-17)	1)CARE A- / CARE A2+ (21-Oct-16)	1)CARE A- / CARE A2+ (24-Feb-16) 2)CARE A2+ (27-Oct-15)
4.	Non-fund-based - LT/ ST-Bank Guarantees	LT/ST	4290.00	CARE A; Stable / CARE A1	1)CARE A; Stable / CARE A1	1)CARE A+ / CARE A1 (Under Credit watch	1)CARE A- / CARE A2+ (21-Oct-16)	1)CARE A- / CARE A2+ (24-Feb-16)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
					(12-Dec-18)	with Developing Implications) (05-Sep-17) 2)CARE A+; Stable / CARE A1 (21-Jun-17)		2)CARE A- / CARE A2+ (27-Oct-15)
5.	Non-fund-based-LT/ST	LT/ST	110.75	Provisional CARE AAA (SO); Stable / CARE A1+ (SO)	-	-	-	-
6.	Non-fund-based-LT/ST	LT/ST	110.75	Provisional CARE AAA (SO); Stable / CARE A1+ (SO)	-	-	-	-

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