



D.K. Project Private Limited

Instrument	Amount	Rating Action
Fund Based Limit – Cash Credit	Rs. 7.50 crore	[ICRA]BB- (Stable) reaffirmed
Non Fund Based Limit – Bank Guarantee	Rs. 6.00 crore	[ICRA]A4 reaffirmed

ICRA has reaffirmed the [ICRA]BB- (pronounced ICRA double B minus) rating to the Rs. 7.50 crore* cash credit facility of D.K. Project Private Limited (DKPPL)[†]. The outlook on the long term rating is stable. ICRA has also reaffirmed the [ICRA]A4 (pronounced ICRA A four) rating to the Rs. 6.00 crore non-fund based bank facilities of DKPPL.

The reaffirmation of the ratings take into account the experience of the promoters in the road construction business, DKPPL's status as class 1 contractor enabling the company to bid for large contracts floated by the Government departments primarily in the state of West Bengal, improvement in DKPPL's operating profitability during 2012-13, its conservative capital structure and low working capital intensity of operations. The ratings are, however, constrained by DKPPL's small scale of current operations, which declined further in 2012-13 over the previous year primarily on account of lesser tenders won during the year. The ratings also factor in the company's exposure to the volatility in raw material prices, which is mitigated to an extent by the presence of price escalation clause in majority of the Government contracts. With the company's operations being mainly limited to the states of West Bengal and Meghalaya, DKPPL is exposed to high geographical concentration risks. Further, DKPPL also faces significant client concentration risks, given the top five clients accounting for around 99% of the total revenue of the company during the last two years.

Company Profile

DKPPL, incorporated as a proprietorship firm under the name of D.K. Enterprise by Mr. Dilip Kumar Ghosh, was converted into a private limited company in 2005. The company is involved in civil construction works, particularly in construction of roads and highways. DKPPL is registered as a class 1 contractor with the Public Work Department (PWD) and mainly undertake projects in the states of West Bengal and Meghalaya.

Recent Results

The company has reported a net profit of Rs. 1.60 crore (provisional) on an operating income of Rs. 31.29 crore (provisional) during 2012-13 as compared to a net profit of Rs. 1.65 crore on an operating income of Rs. 39.87 crore during 2011-12.

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* 100 lakh = 1 crore = 10 million

[†] For complete rating scale and definitions please refer to ICRA's website www.icra.in or other ICRA Rating Publications



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