



# Dhruv Consultancy Services Limited

501, Plot No. 67, Pujit Plaza, Opp. K-Star Hotel, Sector-11, C.B.D. Belapur, Navi Mumbai – 400 614  
Telefax No. +91 22 27570710, Mobile:- 09619497305, Website : www.dhruvconsultancy.in  
Email ID: services@dhruvconsultancy.in, info@dhruvconsultancy.in, CIN: L74999MH2003PLC141887

DHRUV /OUTWARD/2018-19/1327  
February 05, 2019

“By Mail”

**Corporate Relationship Department**  
**BSE Limited ( SME Segment)**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai- 400001  
Fax No. 022-22723121/3027/2039/2061  
**Security Code: 541302, Security ID : DHRUV**

Dear Sir/Ma'am,

**Re: ISIN - INE506Z01015**

**Sub: Intimation regarding Credit Rating – Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, we would like to inform that our Company has received a Press Release dated February 4, 2019 from CARE Ratings Limited.

The copy of the Press Release as received from CARE Ratings Limited for Dhruv Consultancy Services Limited is attached as Annexure “A”.

This is for your information and records.

Thanking you,

Yours faithfully,  
for **DHRUV CONSULTANCY SERVICES LIMITED**

  
**TANVI T AUTI**  
Managing Director



**Enclosure: Annexure A**

**Dhruv Consultancy Services Limited**

February 04, 2019

**Ratings**

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Rating Action
Long-term Bank Facilities (Including proposed Rs. 2.00 crore)	8.00	<b>CARE BBB-; Stable</b> (Triple B Minus; Outlook: Stable)	Assigned
Short-term Bank Facilities	4.05	<b>CARE A3</b> (A Three)	Assigned
Long-term / Short-term Bank Facilities (Including proposed Rs. 20.00 crore)	30.00	<b>CARE BBB-; Stable / CARE A3</b> (Triple B Minus; Outlook: Stable / A Three)	Assigned
<b>Total Facilities</b>	<b>42.05</b> <b>(Rupees Forty-Two Crore and Five Lakhs only)</b>		

<sup>1</sup>Details of instruments/facilities in Annexure-1**Detailed Rationale & Key Rating Drivers**

The ratings assigned to the bank facilities of Dhruv Consultancy Services Limited derives comfort from promoters' experience in the infrastructure consultancy services, past track record of projects executed, good order book status with diversified services in the offering, healthy profitability margins with increasing scale of operations and moderate financial risk profile.

The above strengths, however, are partially tempered by working capital intensive nature of operations coupled with high collection period, customer and geographical concentration, reliance on large workforce and competition from existing players in infrastructure consultancy.

Ability of the company to bag and execute new orders, timely completion and realization of payment from existing orders amidst intense competition in consultancy services are the key rating sensitivities.

**Detailed description of key rating drivers****Key Rating Strengths****Experienced promoters**

Mr. Pandurang Dandawate, Chairman and Non-Executive Director, has overall 33 years of experience in the industry. Ms. Tanvi Auti, currently Managing Director, has overall 8 years of experience in the industry and has been associated with the company since last three years. The promoters have been instrumental in bringing the company at its current stature from modest beginning. The promoters are ably supported by experienced personnel who handle day-to-day operations.

**Past track record of project executed**

The company has provided consultancy services on 41 projects in the area of highways, bridges, tunnels, architectural, environmental, engineering and ports. The consultancy services were provided on projects bagged largely from government bodies and public sector undertakings. The company is empanelled with banks and government bodies, thus deriving significant revenues through repeat orders.

**Good order book status with diversified services in the offering**

The company has an order book of Rs. 114.73 crore as on October 31, 2018, providing medium-term revenue visibility of the company. Though, the timeline of these projects vary and may go upto two to three years depending on the nature of the job involved. Furthermore, the company has received Letter of Award (LOA) for a total of 12 projects as on October 31, 2018.

**Healthy profitability margins with improving scale of operations**

The total operating income stood at Rs. 44.31 crore during FY18 (refers to period from April 01 to March 31), growing at a robust CAGR (Compounded Annual Growth Rate) of 71% in last three-years ended FY18. Owing to service nature of operations, the profitability margin remained healthy at 28.95% during FY18 improving marginally from 26.88% during FY17 and 27.93% during FY16. The net margins also remained healthy and improved to 13.93% during FY18 from 11.79% during FY17 and 10.85% during FY16, increasing mainly due to decline in interest cost.

**Moderate financial risk profile**

The financial risk profile of the company remained at moderate level marked by moderately comfortable capital structure and debt coverage indicators. The same are expected to improve further with foreclosure of loans during the year after the company raised funds through initial public offering in May 2018.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

### Key Rating Weaknesses

#### **Reliance on large workforce**

The infrastructure consultancy services involves large number of workforce for executing the assignments for clientele on time. As on March 31, 2018, the company had 349 employees including 250 engineers. The employees cost has increased significantly to Rs. 11.13 crore during FY18 from Rs. 6.47 crore during FY17, mainly due to increase in number of staff and skilled workforce for carrying out highly technical assignments at various locations. Furthermore, depending on the needs of the business, the company outsources certain contracts to the third-party service providers time to time.

#### **Dependence on infrastructure project awarded by government bodies and geographical concentration**

The company is principally involved in consultancy services of infrastructure sector to government bodies. Over the years, majority of the revenue of the company has been contributed from government projects. Any change in governments' framework for consultancy service providers could have an impact on the operations of the company. Also, failure to bag newer projects could also impact the operations of the company. Furthermore, the company has executed majority of the projects in the state of Maharashtra, thus reflecting geographical concentration of the company.

#### **Competition from existing players**

Numerous market participants and increasing market entrants with a variety of project deliverables have let organizations with an option to choose the right consulting firm for right prices for a particular project. Smaller and emerging consultancy companies face the challenge of gaining market share. Hence, the consultancy industry has intense competition from various competitors that seek to provide consultancy services.

#### **Liquidity**

##### **Working capital intensive nature of operations coupled with high collection period**

The operations of the company are highly working capital intensive in nature as evident by large amount of funds blocked in debtors reflected by average collection period of 190 days during FY18. This is further evident by high average utilisation of the working capital borrowings at 95% during the last 12-months ended December 2018. Furthermore, the cash and bank balances stood at Rs. 4.83 crore as on September 30, 2018, while the current ratio stood at 1.23 times as on March 31, 2018. The net cash flow from operations stood positive once at Rs. 2.45 crore during FY18 in the last three-years. Thus, the above mentioned factors signify moderate liquidity position of the company.

**Analytical approach:** Standalone

#### **Applicable Criteria**

[Criteria on assigning Outlook to Credit Rating](#)

[CARE's default recognition policy](#)

[Financial ratios - Non Financial Sector](#)

[Criteria for Short Term Instruments](#)

[Rating Methodology - Service Sector Companies](#)

#### **About the Company**

Incorporated in the year 2003, Dhruv Consultancy Services Limited is engaged in the business of consultancy services for infrastructure industry. The company is involved in providing design, engineering, procurement, construction and integrated project management services for highways, bridges, tunnels, architectural, environmental engineering and ports. Their services include preparation of detailed project report (DPR) and feasibility studies for infrastructure projects, operations & maintenance (O&M) works, project management consultancy (PMC) services, independent consultancy, project planning, designing, estimation, traffic & transportation engineering, financial analysis, technical audits, structural audit, inspection of bridges and techno legal services.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	30.45	44.31
PBILDT	8.19	12.83
PAT	3.59	6.17
Overall gearing (times)	1.44	1.22
Interest coverage (times)	4.39	6.43

A – Audited

**Status of non-cooperation with previous CRA:** CRISIL has moved its ratings vide Press Release dated December 28, 2018 on account of non-cooperation by Dhruv Consultancy Services Limited with CRISIL's effort to undertake a review of outstanding ratings.

**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](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.

**Analyst Contact:**

Name: Mr Hitesh M Avachat

Tel: 022-6754 3510

Email: [hitesh.avachat@careratings.com](mailto:hitesh.avachat@careratings.com)

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://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.

**Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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.

**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-Cash Credit (Including proposed Rs. 2.00 crore)	-	-	-	8.00	CARE BBB-; Stable
Fund-based - ST-Bills discounting/ Bills purchasing	-	-	-	2.00	CARE A3
Non-fund-based - LT/ ST-Bank Guarantees (Including proposed Rs. 20.00 crore)	-	-	-	30.00	CARE BBB-; Stable / CARE A3
Fund-based - ST-Bank Overdraft	-	-	-	2.05	CARE A3

## 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 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-Cash Credit (Including proposed Rs. 2.00 crore)	LT	8.00	CARE BBB-; Stable	-	-	-	-
2.	Fund-based - ST-Bills discounting/ Bills purchasing	ST	2.00	CARE A3	-	-	-	-
3.	Non-fund-based - LT/ ST-Bank Guarantees (Including proposed Rs. 20.00 crore)	LT/ST	30.00	CARE BBB-; Stable / CARE A3	-	-	-	-
4.	Fund-based - ST-Bank Overdraft	ST	2.05	CARE A3	-	-	-	-

**CONTACT****Head Office Mumbai**

**Ms. Meenal Sikchi**  
Cell: + 91 98190 09839  
E-mail: [meenal.sikchi@careratings.com](mailto:meenal.sikchi@careratings.com)

**Ms. Rashmi Narvankar**  
Cell: + 91 99675 70636  
E-mail: [rashmi.narvankar@careratings.com](mailto:rashmi.narvankar@careratings.com)

**Mr. Ankur Sachdeva**  
Cell: + 91 98196 98985  
E-mail: [ankur.sachdeva@careratings.com](mailto:ankur.sachdeva@careratings.com)

**Mr. Saikat Roy**  
Cell: + 91 98209 98779  
E-mail: [saikat.roy@careratings.com](mailto:saikat.roy@careratings.com)

**CARE Ratings Limited**

(Formerly known as Credit Analysis & Research Ltd.)

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: [care@careratings.com](mailto:care@careratings.com)

**AHMEDABAD**

**Mr. Deepak Prajapati**  
32, Titanium, Prahaladnagar Corporate Road,  
Satellite, Ahmedabad - 380 015  
Cell: +91-9099028864  
Tel: +91-79-4026 5656  
E-mail: [deepak.prajapati@careratings.com](mailto:deepak.prajapati@careratings.com)

**BENGALURU**

**Mr. V Pradeep Kumar**  
Unit No. 1101-1102, 11th Floor, Prestige Meridian II,  
No. 30, M.G. Road, Bangalore - 560 001.  
Cell: +91 98407 54521  
Tel: +91-80-4115 0445, 4165 4529  
Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)

**CHANDIGARH**

**Mr. Anand Jha**  
SCF No. 54-55,  
First Floor, Phase 11,  
Sector 65, Mohali - 160062  
Chandigarh  
Cell: +91 85111-53511/99251-42264  
Tel: +91- 0172-490-4000/01  
Email: [anand.jha@careratings.com](mailto:anand.jha@careratings.com)

**CHENNAI**

**Mr. V Pradeep Kumar**  
Unit No. O-509/C, Spencer Plaza, 5th Floor,  
No. 769, Anna Salai, Chennai - 600 002.  
Cell: +91 98407 54521  
Tel: +91-44-2849 7812 / 0811  
Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)

**COIMBATORE**

**Mr. V Pradeep Kumar**  
T-3, 3rd Floor, Manchester Square  
Puliakulam Road, Coimbatore - 641 037.  
Tel: +91-422-4332399 / 4502399  
Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)

**HYDERABAD**

**Mr. Ramesh Bob**  
401, Ashoka Scintilla, 3-6-502, Himayat Nagar,  
Hyderabad - 500 029.  
Cell : + 91 90520 00521  
Tel: +91-40-4010 2030  
E-mail: [ramesh.bob@careratings.com](mailto:ramesh.bob@careratings.com)

**JAIPUR**

**Mr. Nikhil Soni**  
304, Pashupati Akshat Heights, Plot No. D-91,  
Madho Singh Road, Near Collectorate Circle,  
Bani Park, Jaipur - 302 016.  
Cell: +91 – 95490 33222  
Tel: +91-141-402 0213 / 14  
E-mail: [nikhil.soni@careratings.com](mailto:nikhil.soni@careratings.com)

**KOLKATA**

**Ms. Priti Agarwal**  
3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)  
10A, Shakespeare Sarani, Kolkata - 700 071.  
Cell: +91-98319 67110  
Tel: +91-33- 4018 1600  
E-mail: [priti.agarwal@careratings.com](mailto:priti.agarwal@careratings.com)

**NEW DELHI**

**Ms. Swati Agrawal**  
13th Floor, E-1 Block, Videocon Tower,  
Jhandewalan Extension, New Delhi - 110 055.  
Cell: +91-98117 45677  
Tel: +91-11-4533 3200  
E-mail: [swati.agrawal@careratings.com](mailto:swati.agrawal@careratings.com)

**PUNE**

**Mr. Pratim Banerjee**  
9th Floor, Pride Kumar Senate,  
Plot No. 970, Bhamburda, Senapati Bapat Road,  
Shivaji Nagar, Pune - 411 015.  
Cell: +91-98361 07331  
Tel: +91-20- 4000 9000  
E-mail: [pratim.banerjee@careratings.com](mailto:pratim.banerjee@careratings.com)

CIN - L67190MH1993PLC071691