



SMERA RATINGS LIMITED

Ratilal Bhagwandas Construction Company Private Limited (RBCCPL)

*Rating
Rationale*

July 31, 2015

Facilities	Amount (Rs. Crore)	Rating
Bank Guarantee	22.00	SMERA BBB+/Stable (Reaffirmed)
Letter of Credit	1.00	SMERA BBB+/Stable (Reaffirmed)
Proposed Bank Guarantee	2.00	SMERA BBB+/Stable(Reaffirmed)

SMERA has reaffirmed the long-term rating of '**SMERA BBB+**' (read as **SMERA triple Bplus**) on the Rs.25.00 crore bank facilities of Ratilal Bhagwandas Construction Company Private Limited (RBCCPL). The outlook is '**Stable**'. The rating is supported by the company's strong project execution capability, reputed clientele and healthy order book position. The rating is also supported by the strong financial risk profile, comfortable liquidity position, healthy profit margins and experienced management. However, the rating is constrained by the company's exposure to the cyclicity inherent in the construction industry and the company's liberal dividend pay-out policy.

Update

RBCCPL reported revenue of Rs.84.28 crore in FY2013-14 (refers to financial year, April 01 to March 31), as compared with revenue of Rs.96.96 crore in FY2012-13. During FY2014-15, the company reported revenue of Rs.78.09 crore (provisional). The tangible net worth stood at Rs.21.28 crore (provisional) as on March 31, 2015, as compared with Rs.19.76 crore a year earlier. RBCCPL's debt-equity ratio was nil as on March 31, 2015 and the company's interest coverage ratio stood at 44.16 times in FY2014-15.

Outlook: Stable

SMERA believes that the outlook on RBCCPL's rated facilities will remain stable over the medium term on account of the company's long track record of operations, experienced management and moderate order book. The outlook may be revised to 'Positive' if the company registers sustained growth in revenue while maintaining profit margins. Conversely, the outlook may be revised to 'Negative' in case of a steep decline in the company's profit margins or significant deterioration in the capital structure on account of extensive external borrowings.

About the Company

RBCCPL, incorporated in 1991, is a Pune-based construction company promoted by Mr. Nitin Karia. The company undertakes civil construction contracts for private entities.

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For FY2013-14, RBCCPL reported profit after tax (PAT) of Rs.4.37 crore on revenues of Rs.84.28 crore, as compared with PAT of Rs.5.05 crore on revenues of Rs.96.96 crore for FY2012-13. The company's net worth stood at Rs.19.76 crore as on March 31, 2014, as compared with Rs.19.20 crore a year earlier.

Contact List

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 98208 02479 Email: antony.jose@smera.in	Mohit Jain Vice President – Rating Operations Tel: +91-22-6714 1105 Email: mohit.jain@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

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