

Press Release

Rajendra Singh Kiledar Constructions Private Limited

March 24, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs. 41.00 Cr.
Long Term Rating	SMERA BBB- / Outlook: Stable
Short Term Rating	SMERA A3

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA BBB-**' (read as **SMERA BBB minus**) and short term rating of '**SMERA A3**' (read as **SMERA A three**) on the Rs. 41.00 crore bank facilities of Rajendra Singh Kiledar Constructions Private Limited. The outlook is '**Stable**'.

Rajendra Singh Kiledar Constructions Private Limited (RSKCPL) was established in 1978 as a proprietorship concern and converted to private limited in 2003. The company undertakes construction of roads and highways for the government.

Key Rating Drivers

Strengths

- **Experienced management and long track record of operations**

RSKCPL has been operating in the EPC industry since 1978. The promoters, Mr. Rajendra Singh Kiledar, Mr. Shivendra Singh Kiledar and Mr. Raghavendra Singh Kiledar have around two decades of experience in the industry.

- **Healthy financial risk profile**

The healthy financial risk profile is marked by comfortable gearing of 0.62 times in FY2016 as compared to 0.47 times in FY2015. The operating profitability margin stood healthy at 8.64 percent in FY2016 as compared to 5.21 percent in FY2015 on account of orders of high margins. The interest coverage stood at 7.80 times in FY2016 as against 5.14 times in FY2015. The Return on Capital Employed (RoCE) registered a healthy 23.28 per cent in FY2016 as against 17.47 per cent in FY2015.

- **Prudent working capital management and healthy order book**

The efficient working capital management of the company is marked by gross current asset (GCA) days at 70 as on March 31, 2016 as compared to 49 days as on March 31, 2015. The company has healthy order book position of Rs. 285 cr as on February 18, 2017 which provides revenue visibility for the near future.

Weaknesses

- **Tender driven business**

The nature of business is tender based. The company deals with government organisations and going forward its ability to bid for large orders and qualify for the same remains to be seen. However, the promoter's experience and relationships with its clientele partially mitigates this risk.

- **Intense competition**

The company operates in a highly fragmented industry with limited entry barriers wherein the presence of large number of players in the unorganised sector limits the bargaining power with

customers.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of the company.

Outlook: Stable

SMERA believes that the company will maintain a stable outlook owing to the management's extensive experience and established relationships with customers. The outlook may be revised to Positive in case of significant increase in revenues while maintaining profitability. Conversely, the outlook may be revised to Negative in case of elongation of working capital cycle or if the company takes on any large debt funded capex.

About the Rated Entity - Key Financials

For FY2016, the company reported profit after tax (PAT) of Rs.2.61 cr on operating income of Rs.103.54 cr, as compared with PAT of Rs.1.33 cr on operating income of Rs.91.14 cr in FY2015. The net worth stood at Rs.15.96 cr as on March 31, 2016 against Rs.13.35 cr a year earlier.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Infrastructure Entities - <https://www.smera.in/criteria-infra.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.00	SMERA BBB- / Stable
Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA BBB- / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	12.50	SMERA A3
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	13.00	SMERA A3
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	12.50	SMERA A3

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ABOUT SMERA

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