

Press Release

Rajendra Singh Kiledar Construction Private Limited (RSKCPL)

March 29, 2018



Rating Reaffirmed, Assigned and Withdrawn

Total Bank Facilities Rated*	Rs. 82.50 Crore
Long Term Rating	SMERA BBB-/ Outlook: Stable
Short Term Rating	SMERA A3

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed the long-term rating of '**SMERA BBB-**' (read as SMERA triple B minus) and the short term rating of '**SMERA A3**' (read as SMERA A three) on the Rs.42.50 crore bank facilities and assigned the long term rating of '**SMERA BBB-**' (read as SMERA triple B minus) and the short term rating of '**SMERA A3**' (read as SMERA A three) on the Rs.40.00 crore bank facilities. The outlook is '**Stable**'.

Further, SMERA has withdrawn the long term rating of '**SMERA BBB-**' (read as SMERA triple B minus) and the short term rating of '**SMERA A3**' (read as SMERA A three) on the Rs. 14.50 crore bank facilities of Rajendra Singh Kiledar Construction Private Limited (RSKCPL).

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

Established track record and experienced management

RSKCPL was incorporated in 1978 and has an established track record of over three decades in the engineering procurement and construction industry. The promoters, Mr. Rajendra Singh Kiledar, Mr. Shivendra Singh Kiledar and Mr. Raghavendra Singh Kiledar have experience of over two decades in the aforementioned industry.

Moderate revenue growth and stable profitability

RSKCPL's scale of operations have increased to Rs.107.47 crore in FY2017 from Rs.102.71 crore in FY2016 as the company has extended its operations to new districts, namely, Burampur and Khandwa. The operating margin had increased to 9.72 percent in FY2017 as against 7.90 percent in FY2016. Further, the company reported revenues of Rs.105 crore for the period April to February, 2018 with orders in hand of Rs.263.93 crore to be executed within two years.

Moderate working capital operations

RSKCPL has moderate working capital nature of operations marked by Gross Current Asset (GCA) of 76 days as on 31 March, 2017 as against 71 days as on 31 March, 2016. This is mainly due to inventory holding of 14 days as on 31 March, 2017 as against 6 days as on 31 March, 2016. The company has debtors outstanding of 20 days as on 31 March, 2017 as compared to 23 days as on 31 March, 2016.

Weaknesses

Moderate financial risk profile

RSKCPL has moderate financial risk profile marked by net worth of Rs.18.74 crore as on 31 March, 2017 as compared to Rs.15.96 crore as on 31 March, 2016. The gearing (debt-equity) deteriorated to 1.17

times as on 31 March, 2017 from 0.62 times as on 31 March, 2016. This is mainly due to increase in total debt to Rs.22.01 crore as on 31 March, 2017 from Rs.9.97 crore as on 31 March, 2016. The Interest Coverage Ratio deteriorated to 5.60 times for FY2017 from 7.80 times for FY2016. The total outstanding liabilities to tangible networth deteriorated to 3.02 times in FY2017 from 2.18 times in FY2016.

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.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of RSKCPL to arrive at the rating.

Outlook- Stable

SMERA believes RSKCPL will maintain a 'Stable' outlook over medium term on the back of its experienced management. The outlook may be revised to 'Positive' in case the company registers higher than expected growth in revenues and profitability. Conversely, the outlook may be revised to 'Negative' in case of elongation in working capital requirements thereby increasing the pressure on the margins.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	107.47	102.71	91.14
EBITDA	Rs. Cr.	10.45	8.11	4.75
PAT	Rs. Cr.	2.18	2.61	1.33
EBITDA Margin	(%)	9.72	7.90	5.21
PAT Margin	(%)	2.03	2.54	1.46
ROCE	(%)	17.11	23.28	17.47
Total Debt/Tangible Net Worth	Times	1.17	0.62	0.47
PBDIT/Interest	Times	5.60	7.80	5.14
Total Debt/PBDIT	Times	1.76	1.04	1.08
Gross Current Assets (Days)	Days	76	71	49

Any other information

Not Applicable

Applicable Criteria

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

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
24-March - 2016	Cash Credit	Long Term	2.00	SMERA BBB-/ Stable (Assigned)
	Cash Credit	Long Term	1.00	SMERA BBB-/ Stable (Assigned)
	Bank Guarantee	Short Term	12.50	SMERA A3 (Assigned)

	Bank Guarantee	Short Term	13.00	SMERA A3 (Assigned)
	Bank Guarantee	Short Term	12.50	SMERA A3 (Assigned)

***Annexure - Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.00	SMERA BBB- /Stable (Withdrawn)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA BBB- /Stable (Reaffirmed)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	0.50	SMERA BBB- /Stable (Assigned)
Bank Overdraft	Not Applicable	Not Applicable	Not Applicable	2.50	SMERA BBB- /Stable (Assigned)
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA BBB- /Stable (Assigned)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	12.50	SMERA A3 (Withdrawn)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	13.00	SMERA A3 (Reaffirmed)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	28.50	SMERA A3 (Reaffirmed)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	21.00	SMERA A3 (Assigned)
Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	15.00	SMERA A3 (Assigned)

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ABOUT SMERA

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