

Press Release

Rajendra Singh Kiledar Constructions Private Limited

May 02, 2019

Rating Assigned and Reaffirmed



Total Bank Facilities Rated*	Rs. 90.00 Cr. (Enhanced from Rs.82.50 crore)
Long Term Rating	ACUITE BBB- / Outlook: Stable
Short Term Rating	ACUITE A3

* Refer Annexure for details

Rating Rationale

Acuité has reaffirmed long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) and short-term rating of '**ACUITE A3**' (read as **ACUITE A three**) to the Rs. 79.50 crore bank facilities of Rajendra Singh Kiledar Constructions Private Limited (RSKCPL). The outlook is '**Stable**'.

Acuité has assigned short-term rating of '**ACUITE A3**' (read as **ACUITE A three**) to the Rs. 10.50 crore bank facilities of Rajendra Singh Kiledar Constructions Private Limited (RSKC). The outlook is '**Stable**'.

RSKC 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. The promoters are Mr. Rajendra Singh Kiledar, Mr. Shivendra Singh Kiledar and Mr. Raghavendra Singh Kiledar

Analytical Approach

Acuité has taken a standalone view of the business and financial risk profile of RSKC to arrive at the rating.

Key Rating Drivers

Strengths

• Experienced management and long track of operation

Incorporated in 1978, RSKC has a long track of operations of over three decades in the Engineering Procurement and Construction industry. The company has benefited by the experienced promoters, who have around two decades of experience.

• Moderate financial risk profile

The financial risk profile is moderate marked by high net worth, comfortable debt protection measures and high gearing. The net worth of the company is high at Rs.25.85 crore as on 31 March, 2018 as against Rs.18.74 crore as on 31 March, 2017. The gearing (debt to equity) of the company has stood high at 1.69 times as on March 31, 2018 as against 1.17 times as on 31 March, 2017. Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 3.65 times as on 31 March, 2018 as against 3.02 times as on 31 March, 2017. The high revenue levels coupled with stable operating margins have resulted in comfortable debt protection measures. Interest Coverage Ratio (ICR) stood at 4.10 times in FY2018 as against 5.60 times in FY2017. Net Cash Accruals/Total Debt (NCA/TD) stood at 0.28 times as on 31 March, 2018 as against 0.42 times as on 31 March, 2017. Debt Service Coverage Ratio (DSCR) stood at 1.72 times for FY2018 as against 2.99 times in FY2017.

• Consistent growth in revenues and stable profitability

The revenues grew to Rs.126.58 crore in FY2018 from Rs.107.47 crore in FY2017. The operating (EBITDA) margin had increased to 13.07 per cent in FY2018 from 9.72 per cent in FY2017. Further, the company reported revenues of Rs.135.00 crore for the period April, 2018 to February, 2019 with executable orders in hand of Rs.394.32 crore to be executed by their respective time frames.

• Moderate working capital operations

RSKC has moderate working capital nature of operations marked by Gross Current Asset (GCA) of 152 days as on 31 March, 2018 as against 76 days as on 31 March, 2017. This is mainly due to inventory holding of 37 days as on 31 March, 2018 as against 14 days as on 31 March, 2017. The company has debtors outstanding of 67 days as on 31 March, 2018 as compared to 20 days as on 31 March, 2017.

• Healthy order book and expected orders

The company has a healthy order book of Rs.576.34 crore out of which Rs.394.32 crore is outstanding as on 31 December, 2018 which is supposed to be executed according to their respective time frames. This visualises better revenue growth for the coming two years.

Weaknesses

• Tender based 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 promoters' 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.

Liquidity Position:

RSKC has adequate liquidity marked by healthy net cash accruals to its maturing debt obligations. The company generated cash accruals of Rs.7.03-12.20 crore during the last three years through 2017-18, while its maturing debt obligations were in the range of Rs.1.59-6.69 crore over the same period. The cash accruals of the company are estimated to remain around Rs.16.42-22.45 crore during 2019-21, while its repayment obligations are estimated to be around Rs.6.69 crore. The company's operations are moderately working capital intensive as marked by gross current asset (GCA) days of 152 in FY2018. This has led to higher reliance on working capital borrowings, the cash credit limit in the company remains fully utilised during the last 6 months period ended March 2019. The company maintains unencumbered cash and bank balances of Rs.0.41 crore as on March 31, 2018. The current ratio of the group stands at 1.22 times as on March 31, 2018.

Acuite believes that the liquidity of the company is likely to remain adequate over the medium term on account of healthy cash accrual and no major repayments over the medium term.

Outlook: Stable

Acuite believes that RSKC 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

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	126.58	107.47	102.71
EBITDA	Rs. Cr.	16.55	10.45	8.11
PAT	Rs. Cr.	3.98	2.18	2.61
EBITDA Margin	(%)	13.07	9.72	7.90
PAT Margin	(%)	3.15	2.03	2.54
ROCE	(%)	19.81	17.11	23.28
Total Debt/Tangible Net Worth	Times	1.69	1.17	0.62
PBDIT/Interest	Times	4.10	5.60	7.80
Total Debt/PBDIT	Times	2.33	1.76	1.04
Gross Current Assets (Days)	Days	152	76	71

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

None.

Any other information

"Acuite is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups"

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
29-Mar-2018	Cash Credit	Long Term	2.00	ACUITE BBB-/Stable (Withdrawn)
	Cash Credit	Long Term	1.00	ACUITE BBB-/Stable (Reaffirmed)
	Cash Credit	Long Term	0.50	ACUITE BBB-/Stable (Assigned)
	Bank Overdraft	Short Term	2.50	ACUITE BBB-/Stable (Assigned)
	Proposed Cash Credit	Long Term	1.00	ACUITE BBB-/Stable (Assigned)
	Bank Guarantee	Short Term	12.50	ACUITE A3 (Withdrawn)
	Bank Guarantee	Short Term	13.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee	Short Term	28.50	ACUITE A3 (Reaffirmed)
	Bank Guarantee	Short Term	21.00	ACUITE A3 (Assigned)
	Proposed Bank Guarantee	Short Term	15.00	ACUITE A3 (Assigned)
24-Mar-2017	Cash Credit	Long Term	2.00	ACUITE BBB-/Stable (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE BBB-/Stable (Reaffirmed)
	Bank Guarantee	Short Term	12.50	ACUITE A3 (Reaffirmed)
	Bank Guarantee	Short Term	13.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee	Short Term	12.50	ACUITE A3 (Reaffirmed)

***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	1.00	ACUITE BBB- / Stable (Reaffirmed)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	0.50	ACUITE BBB- / Stable (Reaffirmed)
Bank Overdraft	Not Applicable	Not Applicable	Not Applicable	2.50	ACUITE BBB- / Stable (Reaffirmed)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	23.50	ACUITE A3 (Reaffirmed)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	28.50	ACUITE A3 (Reaffirmed)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	21.00	ACUITE A3 (Reaffirmed)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	2.50	ACUITE A3 (Reaffirmed)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	10.50	ACUITE A3 (Assigned)

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About Acuité Ratings & Research:

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