

Press Release

Rajendra Singh Kiledar Constructions Private Limited

March 03, 2020

Rating Reaffirmed



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

* Refer Annexure for details

Rating Rationale

Acuite has reaffirmed the long term rating to '**ACUITE BBB-**' (read as **ACUITE triple B minus**) and short term rating to '**ACUITE A3**' (read as **ACUITE A three**) to the Rs.90.00 crore bank facilities of RAJENDRA SINGH KILDEAR PRIVATE LIMITED (RSKPL). The outlook is '**Stable**'.

Rajendra Singh Kiledar Private Limited (RSKC) was established in 1978 as a proprietorship concern, later in 2003 the constitution was changed to private limited company. The company undertakes construction of roads and highways for the government. The company is promoted by Mr. Rajendra Singh Kiledar, Mr. Shivendra Singh Kiledar and Mr. Raghavendra Singh Kiledar.

Analytical Approach

Acuite has considered the standalone financial and business risk profile of RSKPL to arrive at the rating.

Key Rating Drivers

Strengths

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

RSKC was established in 1978 as a proprietorship concern, later in 2003 the constitution was changed to private limited company. The day to day operations are managed by its managing director, Mr. Rajendra Singh Kiledar along with other director, Mr. Shivendra Singh Kiledar and Mr. Raghavendra Singh Kiledar. The management possesses experience of over three decades in the civil construction industry. The extensive experience has enabled the company forge healthy relationships with customers and suppliers.

Acuite believes that RSKC will continue to benefit from its experienced management and established relationships with customers and suppliers.

- **Steady scale of operations and profitability**

The revenue of the company has grown at a CAGR of ~16 percent. The revenue of the company stood at Rs.126.58 crore in FY2018 as against Rs.107.47 crore in the previous year. Further, the revenue grew by ~15.05 percent in FY2019 and stood at Rs.145.63 crore. The improvement in revenue is on account of healthy order book. The company currently has an order book of Rs. Rs.560.61 crore which is expected to be completed in FY2022-23, thus giving a healthy revenue visibility in near to medium term. Further, the operating margins stood at 12.84 per cent in FY2019 as against 13.07 per cent in FY2018 and 9.72 per cent in FY2017. However, Profit after Tax (PAT) margins have deteriorated to 2.66 per cent in FY2019 from 3.15 per cent in FY2018. Acuite believes the company to maintain its scalability on account of healthy order book position.

- **Moderate financial risk profile**

The financial risk profile of RSKC is moderate marked by healthy net worth, moderate debt protection measures and gearing. The net worth stood at Rs.31.32 crore as on 31 March, 2019 as against Rs.25.85 crore in the previous year. The total debt as on 31 March, 2019 stood at Rs.40.69 crore majorly comprises of term loan of Rs.30.42 and working capital facility of Rs.10.27 crore. Interest Coverage Ratio (ICR) stood at 4.14 times for FY2019 as against 4.10 times for FY2018. Debt Servicing Coverage Ratio (DSCR) stood at 1.59 times for FY2019 as against 1.72 times for FY2018. Total outside Liabilities to Tangible Net Worth (TOL/TNW) stood at 3.33 times as on 31 March, 2019 as against 3.65 times as on 31 March, 2018. Net cash accrual to total debt (NCA/TD) stood at 0.35

times for FY2019 as against 0.28 times for FY2018.

Acuite believes that the financial risk profile of RSKC will continue to remain moderate over the medium term on account of its improving scale of operations and net cash accruals.

Weaknesses

- **Intensive working capital operations**

RSKC has intensive working capital operations marked by high Gross Current Assets (GCA) of 193 days in FY2019 and 152 days in FY2018. The increase in GCA days is majorly on account of increase in current assets to Rs.31.95 crore in FY2019 from Rs.18.59 crore in FY2018. Further, the debtor levels stood at 86 days in FY2019 as against 67 days in FY2018, respectively. However, the bank limits are fully utilized for the last six months ending January, 2020.

Acuite believes that the working capital cycle will continue to remain intensive over the medium term on account of the nature of the business.

- **Tender base business**

Major business has bagged through open tenders. Hence, the revenues of the company are directly dependent upon the quantum of contracts bagged and executed during the year. Risk become more pronounced as tendering is based on minimum amount of bidding of contracts. The firm has to do tendering on competitive prices; this may affect the profitability of the company. This has resulted in fluctuating operating profit margins.

Rating Sensitivity

- Deterioration in scale of operations along with delay in execution of contracts.
- Deterioration in working capital operations.

Material Covenants

None

Liquidity Position: Adequate

RSKC has adequate liquidity marked by healthy net cash accruals to its maturing debt obligations.

The company generated cash accruals of Rs.14.08 crore in FY2019 as against Rs.12.20 crore in FY2018, while its maturing debt obligation was Rs.7.36 crore in FY2019 as against Rs.6.69 crore in FY2018. The cash accruals of the company are estimated to remain around Rs.15.00 to Rs.20.00 crore during 2019-21 as against the repayment of Rs.7.36 crore. The company's working capital operations are intensive as marked by high gross current asset (GCA) days of 193 in FY2019. However, working capital borrowings are fully utilized during the last 6 months' period ended January, 2020. The company maintains unencumbered cash and bank balances of Rs.0.39 crore as on March 31, 2019. The current ratio of the company stands at 1.33 times as on March 31, 2019.

Acuite believes that the liquidity of the company is likely to remain adequate over the medium term on account of healthy cash accrual.

Outlook: Stable

Acuite believes that RSKC will maintain a 'Stable' outlook over the medium term from the industry experience of its promoters. The outlook may be revised to 'Positive' if there is substantial and sustained improvement in RSKC's operating income or profitability, while maintaining its working capital cycle. Conversely, the outlook may be revised to 'Negative' in case further deterioration in working capital leading to stretch in liquidity profile or weakening of its capital structure and debt protection metrics.

About the Rated Entity - Key Financials

	Unit	FY19 (Actual)	FY18 (Actual)
Operating Income	Rs. Cr.	145.63	126.58
PAT	Rs. Cr.	3.87	3.98
PAT Margin	(%)	2.66	3.15
Total Debt/Tangible Net Worth	Times	1.30	1.69
PBDIT/Interest	Times	4.14	4.10

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/view-rating-criteria-17.htm>
- Infrastructure Entities - <https://www.acuite.in/view-rating-criteria-51.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
02-May-2019	Cash Credit	Long Term	1.00	ACUITE BBB-/Stable (Reaffirmed)
	Cash Credit	Long Term	0.50	ACUITE BBB-/Stable (Reaffirmed)
	Secured Overdraft	Long Term	2.50	ACUITE BBB-/Stable (Reaffirmed)
	Bank Guarantee	Short Term	23.50	ACUITE A3 (Reaffirmed)
	Bank Guarantee	Short Term	28.50	ACUITE A3 (Reaffirmed)
	Bank Guarantee	Short Term	21.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee	Short Term	2.50	ACUITE A3 (Reaffirmed)
	Bank Guarantee	Short Term	10.50	ACUITE A3 (Assigned)
29-Mar-2018	Cash Credit	Long Term	2.00	ACUITE BBB-(Withdrawn)
	Cash Credit	Long Term	1.00	ACUITE BBB-/Stable (Reaffirmed)
	Cash Credit	Long Term	0.50	ACUITE BBB-/Stable (Assigned)
	Secured Overdraft	Long 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

				(Assigned)
	Cash Credit	Long Term	1.00	ACUITE BBB- /Stable (Assigned)
	Bank Guarantee	Short Term	12.50	ACUITE A3 (Assigned)
	Bank Guarantee	Short Term	13.00	ACUITE A3 (Assigned)
	Bank Guarantee	Short Term	12.50	ACUITE A3 (Assigned)

***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	6.50	ACUITE A3 (Reaffirmed)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE A3 (Reaffirmed)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	23.50	ACUITE A3 (Reaffirmed)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	8.50	ACUITE A3 (Reaffirmed)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	19.00	ACUITE A3 (Reaffirmed)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	0.50	ACUITE A3 (Reaffirmed)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	28.50	ACUITE A3 (Reaffirmed)

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About Acuite Ratings & Research:

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