

Press Release

Rajendra Singh Kildar Constructions Private Limited

April 01, 2022



Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	16.00	ACUITE BBB- Stable Reaffirmed	-
Bank Loan Ratings	74.00	-	ACUITE A3 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	90.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the 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.90.00 crore bank facilities of RAJENDRA SINGH KILDEAR PRIVATE LIMITED (RSKPL). The outlook is 'Stable'.

The rating takes into consideration the long track record of operations, experienced management and adequate liquidity profile of the company. Further the debt protection metrics of the company remained within comfortable range. The above strengths remained underpinned by working capital intensive nature of the business and tender based operations of the company.

About the Company

Madhya Pradesh based Rajendra Singh Kildar Private Limited (RSKPL) 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 Kildar, Mr. Shivendra Singh Kildar and Mr. Raghavendra Singh Kildar.

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

RSKPL 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 Kildar along with other director, Mr. Shivendra Singh Kildar and Mr. Raghavendra Singh Kildar. 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. Acuité believes that RSKC will continue to benefit from its experienced management and established relationships with customers and suppliers.

> 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.41.93 crore as on 31 March, 2021 as against Rs. 35.25 crore in the previous year. The total debt as on 31 March, 2021 of Rs.29.81 crore which comprises of term loan of Rs. 8.54 and working capital facility of Rs.14.71 crore, Rs. 0.29 Cr of unsecured loans from promoters and Rs. 6.27 Cr of CPLTD. Gearing levels stood low at 0.71 times as on 31 st March 2021 as against 0.79 times as on 31 st March 2020. Coverage ratios stood improved as evident from Interest Coverage Ratio (ICR) of 5.36 times for FY2021 as against 4.35 times for FY2020 and debt servicing coverage ratio (DSCR) stood at 1.61 times for FY2021 as against 1.38 times for FY2020. Total outside Liabilities to Tangible Net Worth (TOL/TNW) stood lower at 1.88 times as on 31 March, 2021 as against 2.49 times as on 31 March, 2020. Net cash accrual to total debt (NCA/TD) stood at 0.43 times for FY2021 as against 0.42 times for FY2020.

Weaknesses

>Improved yet intensive working capital management:

RSKC has improved yet intensive working capital operations marked by high Gross Current Assets (GCA) of 149 days in FY2021 improved from 193 days in FY2020. The fall in GCA days is majorly because of the fall in debtor days from 78 days in FY2020 to 42 days in FY2021. However, the inventory days slightly deteriorated from 37 days in FY2020 to 42 days in FY2021. Further, The current ratio has improved to 1.30 times in FY2021 as against 1.21 times in FY2020. Acuité 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 of the entity is bagged by participating in tenders floated. 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 Sensitivities

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

Material covenants

None

Liquidity Position: Adequate

The liquidity of the company is adequate. The current ratio has improved to 1.30 times in FY2021 as against 1.21 times in FY2020. The company generated cash accruals of Rs.12.95 Cr in FY2021 as against repayment obligation of Rs. 6.75 Cr for the same period. The company has sufficient cushion to meet its long term obligation. The company's unencumbered cash and bank balance improved and stood at Rs. 2.78 Cr as on March 31, 2021 as against Rs. 0.28 Cr as on 31st March 2020. Further, the company has Rs. 33.02 Cr as fixed deposits. The company's operations are working capital intensive as marked by gross current asset (GCA) days of 149 in FY2021. Hence, the reliance on working capital borrowings were high as the average fund based bank limit utilization stood high at 93.98% for the last eight months ending February 2022 and average non-fund based bank limit utilization stood at ~84.84% for the last six months ending December 2021.

Outlook: Stable

Acuité 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 and profitability, while improving its working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of further deterioration in revenue, profitability or working capital leading to stretch in liquidity profile or weakening of its capital structure and debt protection metrics.

Other Factors affecting Rating

Key Financials

Particulars	Unit	FY 21 (Actual)	FY 20 (Actual)
Operating Income	Rs. Cr.	154.18	138.11
PAT	Rs. Cr.	6.69	3.93
PAT Margin	(%)	4.34	2.84
Total Debt/Tangible Net Worth	Times	0.71	0.79
PBDIT/Interest	Times	5.36	4.35

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
03 Mar 2020	Secured Overdraft	Short Term	6.50	ACUITE A3 (Reaffirmed)
	Bank Guarantee	Short Term	23.50	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	0.50	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Short Term	2.00	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE BBB- Stable (Reaffirmed)
	Bank Guarantee	Short Term	28.50	ACUITE A3 (Reaffirmed)
	Bank Guarantee	Short Term	19.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee	Short Term	8.50	ACUITE A3 (Reaffirmed)
	Bank Guarantee	Short Term	0.50	ACUITE A3 (Reaffirmed)

02 May 2019	Bank Guarantee	Short Term	23.50	ACUITE A3 (Reaffirmed)
	Secured Overdraft	Long Term	2.50	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE BBB- Stable (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)
	Cash Credit	Long Term	0.50	ACUITE BBB- Stable (Reaffirmed)
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)
	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)
		Short		
	Proposed Bank Guarantee	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

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Central Bank of India	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	20.50	ACUITE A3 Reaffirmed
ICICI Bank Ltd	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	24.40	ACUITE A3 Reaffirmed
HDFC Bank Ltd	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	19.00	ACUITE A3 Reaffirmed
Kotak Mahindra Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	10.10	ACUITE A3 Reaffirmed
Central Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.00	ACUITE BBB- Stable Reaffirmed
ICICI Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	0.50	ACUITE BBB- Stable Reaffirmed
Kotak Mahindra Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE BBB- Stable Reaffirmed
HDFC Bank Ltd	Not Applicable	Overdraft	Not Applicable	Not Applicable	Not Applicable	8.50	ACUITE BBB- Stable Reaffirmed

Contacts

Analytical	Rating Desk
Aditya Gupta Vice President-Rating Operations Tel: 022-49294041 aditya.gupta@acuите.in Rohan Gambhir Management Trainee-Rating Operations Tel: 022-49294065 rohan.gambhir@acuите.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuите.in

About Acuité Ratings & Research

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