

Press Release

Raymix Concrete India Private Limited

April 04, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs. 22.50 Cr.
Long Term Rating	SMERA B / Outlook: Stable
Short Term Rating	SMERA A4

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B**' (**read as SMERA B**) and short term rating of '**SMERA A4**' (**read as SMERA A four**) on the Rs. 22.50 crore bank facilities of Raymix Concrete India Private Limited. The outlook is '**Stable**'.

The Tamil Nadu-based Raymix Concrete India Private Limited (RCIPL), established in 2005 by Mr. Antony Francis, Mr. Glastin Raj and Mr. Rajan is engaged in the manufacture of RMC (ready mix concrete). The company caters to the infrastructure sector and has six plants, each with installed capacity of 3000 cubic metres per day.

Key Rating Drivers

Strengths

- Established track record and experienced management**

RCIPL was established in 2005 by Mr. Antony Francis, Mr. Glastin Raj and Mr. Rajan who possess extensive experience in the industry.

- Moderate EBIDTA profit margin and RoCE**

The operating margins of RCIPL are moderate and stood at 9.37 percent in FY2016, a decline from 12.37 percent in FY2015 due to increase in material overheads. The company has moderate RoCE of 7.76 percent in FY2016.

- Reputed clientele**

The company has a reputed list of clients including L&T Constructions, TATA Projects Limited, Infosys Limited among others.

Weaknesses

- Moderate scale of operations**

RCIPL's revenues increased to Rs.120.07 cr in FY2016 from Rs.112.57 cr in FY2015. However, the scale of operations remains moderate with operating income of Rs.120.07 cr in FY2016. The company registered revenue of ~Rs.70.00 cr from April 2016 to December 2016.

- Thin PAT margins**

RCIPL reported thin PAT margin of 0.07 percent in FY2016, a decline from 0.80 percent in FY2015 due to high interest obligations.

- Average financial risk profile**

RCIPL has an average financial risk profile marked by moderate net worth of Rs.34.79 cr and gearing (debt-equity ratio) of 1.68 times as on March 31, 2016 compared to net worth of Rs.29.68 cr and gearing of 2.25 times as on March 31, 2015. The Interest coverage ratio and DSCR (debt service

coverage ratio) stood at 1.55 times and 0.66 times respectively.

• Working capital intensive operations

RCIPL's operations are working capital intensive as reflected in its gross current asset (GCA) days of 230 as on 31 March 2016 against 250 as on 31 March 2015. Further, the liquidity position remained stressed with high inventory of 141 days as on 31 March, 2016. The current ratio stood at 1.32 times in FY2016. The unencumbered cash and bank balance has been Rs.2.48 cr for FY2016. Further, the net cash accruals for FY2016 stood at Rs.4.32 cr. The average six months utilisation of working capital facility ended February 2017 stood at ~100.00 percent.

Analytical Approach

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

Outlook: Stable

SMERA believes that the outlook on RCIPL will remain 'Stable' over the medium term on account of its experienced management. The outlook may be revised to 'Positive' if the company achieves substantial growth in scale of operations while improving profitability and its financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile or operating margins.

About the Rated Entity - Key Financials

For FY2015-16, RCIPL reported profit after tax (PAT) of Rs.0.08 cr on operating income of Rs.120.07 cr as compared with PAT of Rs.0.90 cr on operating income of Rs.112.57 cr in the previous year. The net worth stood at Rs.34.79 cr as on March 31, 2016 as against Rs.29.68 cr in the previous year.

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>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.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	15.00	SMERA B / Stable
Term loans	Not Applicable	Not Applicable	31-Mar-2017	0.04	SMERA B / Stable
Term loans	Not Applicable	Not Applicable	31-Mar-2020	6.16	SMERA B / Stable
Working	Not	Not	Not Applicable	0.36	SMERA B / Stable

Capital Term Loan	Applicable	Applicable			
Proposed	Not Applicable	Not Applicable	Not Applicable	0.94	SMERA A4

Contacts

Analytical	Rating Desk
Vinayak Nayak Head – Ratings Operations Tel: 022-67141190 vinayak.nayak@smera.in	Varsha Bist Sr. Executive Tel: 022-67141160 varsha.bist@smera.in
Sudarson Swami Rating Analyst Tel: 022-67141179 sudarson.swami@smera.in	

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