

Press Release

Girraj Ji Stone Crushers Private Limited

July 04, 2017

Rating Assigned



Total Bank Facilities Rated*	Rs. 18.00 Cr.
Long Term Rating	SMERA BB / Outlook: Stable
Short Term Rating	SMERA A4+

** Refer Annexure for details*

Rating Rationale

SMERA has assigned long-term rating of '**SMERA BB**' (read as **SMERA BB**) and short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs. 18.00 crore bank facilities of Girraj Ji Stone Crushers Private Limited. The outlook is '**Stable**'.

Girraj Ji Stone Crushers Private Limited (GSCPL) was incorporated in 1994 by Mr. Sunil Kumar Agarwal and Mrs. Neeti Agarwal. The company, an EPC contractor, undertakes construction of bridges, platforms, building, P.way work and also supplies ballast to Indian Railways.

Key Rating Drivers

Strengths

- **Long track record of operations, experienced management**

The promoters, Mr. Sunil Kumar Agarwal and Mrs. Neeti Agarwal have more than two decades of experience in the said line of business. The extensive experience has helped the company develop long term relations with customers and suppliers.

- **Moderate financial risk profile**

The company has moderate financial risk profile marked by comfortable gearing, interest coverage and moderate networth. The gearing (debt-to-equity) stood at 0.45 times as on 31 March, 2017 (Provisional) against 0.25 times in FY2015-16. The interest coverage ratio stood at 3.30 times in FY2016-17 (Provisional) against 2.30 times in FY2015-16. The networth improved to Rs.11.37 crore in FY2016-17 (Provisional) against Rs.10.57 crore in the previous year owing to retention of profits in the business. The improvement in the financial risk profile is on account of conversion of Rs 2.51 crore of unsecured loans into equity in FY2016-17 (Provisional) against Rs.3.10 crore in FY2015-16. The unsecured loans are fully subordinated to bank debt. The net cash accrual (NCA)/total debt (TD) stood at 0.38 times in FY2016-17 (Provisional) against 0.44 times in the previous year.

- **Reputed clientele**

The company has healthy relations with clients. GSCPL caters to north central railway, northern railway, north-east railway, west central railway among others.

- **Healthy work orders**

GSCPL has work orders of more than ~ Rs. 200.00 crore from north-central railway, northern railway, north-east railway, west-central railway among others which provides revenue visibility for the near term.

Weaknesses

- **Modest scale of operations**

Despite its long presence in the industry, the scale of operations continues to remain modest. The revenue stood at Rs. 33.26 crore in FY2016-17 (Provisional) as against Rs. 23.95 crore during the previous year.

- **Tender based business**

The business risk profile is partially constrained owing to the tender based nature of business.

- **Intense competition**

The company faces intense competition from various players in India which is likely to impact operating performance and profitability.

Analytical Approach

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

Outlook: Stable

SMERA believes that GSCPL will maintain a stable outlook over the medium term owing to its established operations and experienced management. The outlook may be revised to 'Positive' in case of substantial growth in revenues and profitability while maintaining strong debt protection metrics. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile or working capital management.

About the Rated Entity - Key Financials

For FY2016-17 (Provisional), the company reported profit after tax (PAT) of Rs.1.37 crore on operating income of Rs.33.26 crore, as compared with PAT of Rs.0.71 crore on operating income of Rs.23.95 crore in FY2015-16. The net worth stood at Rs.11.37 crore (included quasi equity of Rs.2.51 crore) as on 31 March, 2017 (provisional) against Rs.10.57 crore (included quasi equity of Rs.3.10 crore) a year earlier.

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

India Rating in its press release dated 03rd May, 2017 had inter-alia mentioned the following: 'India Rating' has suspended its ratings on the bank facilities of Girraj Ji Stone Crusher Private Limited (GSCPL). The suspension of ratings is on account of non-cooperation by GSCPL with India Rating's efforts to undertake a review of the ratings outstanding. Despite repeated requests by India Rating, GSCPL is yet to provide adequate information to enable India Rating to assess GSCPL's ability to service its debt. The suspension reflects India Rating's inability to maintain a valid rating in the absence of adequate information.'

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Infrastructure Entities - <https://www.smera.in/criteria-infra.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	Coupon	Maturity	Size of the Issue	Ratings/Outlook
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	Issuance	Rate	Date	(Rs. Cr.)	
Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.50	SMERA BB / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	10.00	SMERA A4+
Proposed	Not Applicable	Not Applicable	Not Applicable	0.50	SMERA BB / Stable
Proposed	Not Applicable	Not Applicable	Not Applicable	3.00	SMERA A4+

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ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, D&B and leading public and private sector banks in India. SMERA is registered with SEBI, accredited by RBI as an External Credit Assessment Institution (ECAI), under BASEL-II norms for undertaking Bank Loan Ratings. SMERA Bond Ratings is a division of SMERA Ratings Limited responsible for ratings of bank facilities, and capital market/money market debt instruments such as Bonds, Debentures, Commercial Papers, Fixed Deposits, Certificate of Deposits etc.. For more details, please visit www.smera.in.

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