

Press Release

Girraji Stone Crushers Private Limited

August 13, 2018



Rating Upgraded, Reaffirmed and Assigned

Total Bank Facilities Rated*	Rs.34.00 Cr. (Enhanced from Rs. 18.00 Cr.)
Long Term Rating	ACUITE BB+ / Outlook: Stable (Upgraded from ACUITE BB/Stable)
Short Term Rating	ACUITE A4+ (Reaffirmed)

* Refer Annexure for details

Rating Rationale

Acuité has upgraded long term rating to '**ACUITE BB+** (read as ACUITE double B plus) from '**ACUITE BB**' (read as ACUITE double B) to the Rs.5.00 crore and reaffirmed the short term rating of '**ACUITE A4+**' (read as ACUITE A four plus) to the Rs.13.00 crore. Further, Acuité has assigned long term rating of '**ACUITE BB+** (read as ACUITE double B plus) to the Rs.16.00 crore bank facilities of GIRRAJJI STONE CRUSHERS PRIVATE LIMITED (GSCPL). The outlook is '**Stable**'.

The upgrade reflects Acuité's belief that GSCPL will further strengthen its business risk profile over the medium term, backed by healthy orders and a stable financial risk profile. The company has orders in hand of Rs.209.29 crore which ensures strong revenue visibility over the medium term.

Girraji Stone Crushers Private Limited (GSCPL) an Agra based company was incorporated in 1994 by Mr. Sunil Kumar Agarwal and Mrs. Neeti Agarwal. The company is engaged in track laying and linking, construction of Railway bridges and supply of Ballast to Indian Railways in 4 zones- North Central, North eastern, Northern, West-Central, from Jabalpur- Gorakhpur and Bareily- Jaipur.

Analytical Approach

Acuité has considered the standalone financial and business risk profile of Health Secure India Private Limited to arrive at the rating.

Key Rating Drivers

Strengths

- Established track record of operations and experience management**

GSCPL is primarily engaged as a work contractor for Indian Railways for the past two decades and has a long track record of executing projects in a reasonable time frame. The promoters of the company have an experience of over four decades in infrastructure industry.

- Moderate financial risk profile**

GSCPL has moderate financial risk profile marked by tangible net worth of Rs. 15.19 crore as on 31 March, 2018 (Provisional) as against Rs. 11.06 crore as on 31 March, 2017. The gearing (debt-equity) stood at 0.29 times as on 31st March, 2018 (Provisional) as against 0.47 times as on 31 March, 2017. The debt of Rs. 4.37 crore mainly consists of term loans of Rs. 0.33 crore and short term debt of Rs. 4.04 crore as on 31 March 2018 (Provisional). Interest Coverage Ratio (ICR) stood at 4.80 times for FY 2018(Provisional) as against 3.10 times in FY2017. Debt Service Coverage Ratio (DSCR) stood at 3.19 times for FY 2018 (Provisional) as against 2.30 times in FY2017. Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 0.55 times as on 31 March, 2018 (Provisional) as against 0.66 times as on 31 March, 2017. Net Cash Accruals/Total Debt (NCA/TD) stood at 0.76 times as on 31 March, 2018 (Provisional) as against 0.35 times as on 31 March, 2017.

Going forward, Acuité expects the financial risk profile to improve marginally in absence of major debt funded capex plans.

- Improving revenue backed by healthy order book position**

The revenues improved to Rs.55.63 crore in FY2018 (Provisional) from Rs.32.77 crore in FY2017. GSCPL has healthy executable order book position of Rs.209.29 crore as on July, 2018 which gives the revenue visibility in the near to medium term. Being a civil contractor, the revenue of GSCPL depends on the number of successful bids and the tenders being released in the financial year.

- Comfortable working capital cycle**

GSCPL's working capital has improved marked by Gross Current Asset days (GCA) of 95 in FY2018 (Provisional) compared to 123 days in FY2017. The improvement in GCA days is on account of decrease in inventory days to 36 in FY2018 (Provisional) as against 52 in the previous year. The debtor days stood stable at 5 days for FY2018 (Provisional) and FY2017. The low working capital intensity is further reflected from the low utilization of ~ 85 percent of its working capital facilities. Acuité believes that the efficient working capital management will be crucial to the company in order to maintain a stable credit profile.

Weaknesses

- Competitive and fragmented industry**

The company is engaged as civil contractor. This particular sector is marked by the presence of several mid to big size players. The company faces intense competition from the other players in the sectors. Risk becomes more pronounced as tendering is based on minimum amount of bidding of contracts. However, this risk is mitigated to an extent as the management has been operating in this environment for last 40 years.

- Customer Concentration**

GSCPL is exposed to customer concentration risk as the company derives 100 percent of its total revenue from Indian Railways

Outlook: Stable

Acuité believes GSCPL will maintain a 'Stable' business risk profile over the medium term. The company will continue to benefit from its experienced management and healthy order book position. The outlook may be revised to 'Positive' in case the company registers healthy growth in revenues while achieving sustained improvement in operating margins and improvement in capital structure. Conversely, the outlook may be revised to 'Negative' in case of decline in the revenues or profit margins, or in case of deterioration in the financial risk profile, liquidity position and delay in completion of projects.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	55.63	32.77	23.95
EBITDA	Rs. Cr.	5.08	3.05	1.83
PAT	Rs. Cr.	2.71	1.17	0.71
EBITDA Margin	(%)	9.13	9.31	7.64
PAT Margin	(%)	4.86	3.57	2.98
ROCE	(%)	25.43	17.86	13.10
Total Debt/Tangible Net Worth	Times	0.29	0.47	0.25
PBDIT/Interest	Times	4.80	3.10	2.63
Total Debt/PBDIT	Times	0.86	1.61	1.28
Gross Current Assets (Days)	Days	95	123	123

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Infrastructure Entities - <https://www.acuite.in/view-rating-criteria-14.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
04-Jul-2017	Cash Credit	Long Term	4.50	ACUITE BB / Stable (Assigned)
	Proposed Bank Facility	Long Term	0.50	ACUITE BB / Stable (Assigned)
	Bank Guarantee	Short Term	10.00	ACUITE A4+ (Assigned)
	Proposed Bank Facility	Short Term	3.00	ACUITE A4+ (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	5.00	ACUITE BB+/ Stable (Upgraded)
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE BB+/ Stable (Assigned)
Bank guarantee	Not Applicable	Not Applicable	Not Applicable	13.00	ACUITE A4+ (Reaffirmed)
Bank guarantee	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE A4+ (Assigned)
Proposed Bank guarantee	Not Applicable	Not Applicable	Not Applicable	8.00	ACUITE A4+ (Assigned)

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About Acuité Ratings & Research:

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