



**Press Release**  
**STRONGBUILT CONSTRUCTIONS PRIVATE LIMITED**  
**January 27, 2025**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	2.50	ACUITE BB+   Stable   Reaffirmed	-
Bank Loan Ratings	37.50	-	ACUITE A4+   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	40.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed its long term rating of ‘**ACUITE BB+**’ (read as **ACUITE double B plus**) and its short term rating of ‘**ACUITE A4+**’ (read as **ACUITE A four plus**) on the Rs.40.00 crore bank facilities of Strongbuilt Constructions Private Limited (SCPL). The outlook is ‘**Stable**’.

**Rationale for Rating Reaffirmation**

The rating reaffirmation considers SCPL’s stable operating and financial performance. The operating revenue stood at Rs.69.30 Cr. in FY2024 against Rs.60.14 Cr. in FY2023. The current order book position of Rs. ~197.67 Cr. as of March 2024 is healthy exhibiting revenue visibility over the medium term. The financial risk profile of the company continues to remain moderate with a moderate net-worth, debt-protection metrics and healthy gearing levels. The rating, however, is constrained on account of intensive nature of working capital operations and susceptibility to cyclical in construction and real estate industry.

**About the Company**

Mumbai-based, Strongbuilt Constructions Private Limited (SCPL) was incorporated in 2011. The directors of the company are Mr. Rashmeet Singh Kohli, Mr. Kevin Singh Kohli and Mr. Jagpreet Singh Kohli and the company is engaged in undertaking EPC (engineering, procurement, and construction) contracts of constructing shell and core for real estate industry.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profiles of the SCPL to arrive at this rating.

**Key Rating Drivers**

**Strengths**

**Experienced management**

The promoters, Mr. Rashmeet Singh Kohli and Mr. Kevin Singh Kohli have more than a decade of experience in the construction industry through the sister concern, Skyway RMC Plants Private Limited. The promoters are backed by a team of experienced professionals from the construction industry. SCPL is currently executing projects for various reputed clientele in the real estate industry such as Hiranandani, Rustomjee, Ekta World among others. Acuite expects SCPL to continue to benefit from the promoters' ability to leverage their

relationship with well-established clients.

**Stable Operating Performance**

The company achieved an operating income of Rs.69.30 Cr. in FY2024 as against Rs.60.14 Cr. in FY2023. The operating margin of the company improved to 9.10 percent in FY2024 as against 8.09 percent in FY2023. The PAT

margin of the company increased and stood at 4.49 percent in FY2024 as against 2.95 percent in FY2023. The improvement in PAT margins is primarily due to lower interest costs. The company has an outstanding order book position of Rs.197.67 Cr. as of March 2024 reflecting revenue visibility over the medium term. The company has recorded a revenue of Rs.35.48 Cr. in H1FY2025. Acuite believes that the operating performance of the company will remain stable over the medium term.

### **Moderate Financial Risk Profile**

The financial risk profile of the company stood moderate marked by moderate net worth, debt protection metrics and healthy gearing levels. The tangible net worth stood at Rs.18.53 Cr. as on 31 March 2024 as against Rs.18.96 Cr. as on 31 March 2022. The decrease in net worth is attributed to the adjustments made regarding the write-off of TDS receivables from previous years. The total debt of the company stood at Rs.9.02 Cr. which includes Rs.6.75 Cr. unsecured loans from directors and Rs.1.41 crore of short-term debt as on 31 March 2024. The gearing ratio (debt-equity ratio) improved and stood at 0.49 times as on 31 March 2024 as compared to 0.64 times as on 31 March 2023. ICR and DSCR improved on account of lower finance cost, improved profitability, and reduced debt levels. Interest Coverage Ratio stood healthy at 6.52 times for FY2024 as against 4.08 times for FY2023. Debt Service Coverage Ratio (DSCR) stood at 2.67 times in FY2024 as against 1.98 times in FY2023. Total outside Liabilities/Total Net Worth (TOL/TNW) stood at 1.28 times as on 31 March 2024 as against 1.58 times on 31 March 2023. Acuite believes that the financial risk profile of the company will remain moderate with expected improvements over the medium term.

### **Weaknesses**

#### **Intensive nature of working capital operations**

The working capital management of the company is intensive marked by GCA days of 155 days in FY2024 as against 210 days in FY2023. The GCA days are led by high inventory days which stood at 113 days in FY2024 against 206 days in FY2023. The debtor days stood at 45 days in FY2024 as against 12 days in FY2023. Company raises bills on monthly basis to its clients and receive payments in up-to 30 days of raising the bills. The creditor days stood at 81 days in FY2024 as against 132 days in FY2023. Acuite believes that the operations of the company to remain working capital intensive in medium term on account of the high inventory levels maintained by the company.

#### **Exposed to cyclical in the construction and real estate industry**

SCPL derives its entire revenues by undertaking construction projects for various real estate developers, making it exposed to vagaries in the construction and real estate industries. Acuite believes that any slowdown in the industry could have an impact on the revenues and profitability of the company.

### **Rating Sensitivities**

- Movement in the scale of operations and the profitability margins
- Movement in the working capital operations

### **Liquidity Position**

#### **Adequate**

The company has an adequate liquidity position marked by sufficient net cash accruals generation against its maturing debt obligations. The company generated cash accruals of Rs.3.11 Cr. in FY2024 against maturing debt obligations of Rs. 1.00 Cr. over the same period. Average utilization of fund- based facilities is ~54.13 percent during the last 12 months period ended December 2024. The company maintains unencumbered cash and bank balances of Rs.0.79 crore as on March 31, 2024, and the current ratio also stood moderate at 2.16 times as on March 31, 2024.

### **Outlook: Stable**

#### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	69.30	60.14
PAT	Rs. Cr.	3.11	1.78
PAT Margin	(%)	4.49	2.95
Total Debt/Tangible Net Worth	Times	0.49	0.64
PBDIT/Interest	Times	6.52	4.08

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

Not Applicable

## Any other information

None

## Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

## Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
30 Oct 2023	Bank Guarantee/Letter of Guarantee	Short Term	7.50	ACUITE A4+ (Reaffirmed)
	Proposed Short Term Bank Facility	Short Term	30.00	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	2.50	ACUITE BB+   Stable (Reaffirmed)
02 Aug 2022	Bank Guarantee/Letter of Guarantee	Short Term	17.50	ACUITE A4+ (Reaffirmed)
	Proposed Short Term Bank Facility	Short Term	15.00	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	2.50	ACUITE BB+   Stable (Upgraded from ACUITE BB)
	Proposed Long Term Bank Facility	Long Term	5.00	ACUITE BB+   Stable (Upgraded from ACUITE BB)
14 Feb 2022	Bank Guarantee/Letter of Guarantee	Short Term	17.50	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Bank Guarantee/Letter of Guarantee	Short Term	14.97	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Proposed Short Term Bank Facility	Short Term	0.03	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	2.50	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+   Stable)
	Cash Credit	Long Term	5.00	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+   Stable)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	7.50	Simple	ACUITE A4+   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A4+   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE A4+   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.50	Simple	ACUITE BB+   Stable   Reaffirmed

## Contacts

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### About Acuité Ratings & Research

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