



Press Release
RDS Project Limited
October 23, 2024
Rating Assigned and Downgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	137.63	ACUITE C Downgraded	-
Bank Loan Ratings	3.37	ACUITE D Downgraded	-
Bank Loan Ratings	115.00	-	ACUITE A4 Assigned
Bank Loan Ratings	444.00	-	ACUITE A4 Downgraded
Total Outstanding Quantum (Rs. Cr)	700.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has downgraded the long-term rating at “ACUITE D” (read as ACUITE Df) from “ACUITE BBB+” (read as ACUITE triple B plus) on the Rs.3.37 Cr. bank facilities of RDS Project Limited (RDSPL).

Further, Acuite has downgraded the long-term rating at “ACUITE C” (read as ACUITE C) from “ACUITE BBB+” (read as ACUITE triple B plus) and short term rating at “ACUITE A4” (read as ACUITE A four) from “ACUITE A2” (read as ACUITE A two) on the Rs.581.63 Cr. bank facilities of RDS Project Limited.

Further, Acuite has assigned short term rating at “ACUITE A4” (read as ACUITE A four) on the Rs.115.00 Cr. bank facilities of RDS Project Limited.

Rationale for Downgrade

As per the lender’s feedback, the account conduct is not satisfactory and there have been delay in interest payments for term loans (equipment loans) in the past few months. In addition, as per the reporting in CRIF High mark Report, delinquencies are captured in multiple accounts of the company. There are delays in debt obligation servicing in the months of July 2024, August 2024, September 2024 and October 2024.

About the Company

New Delhi-based, RDS Project Limited was incorporated in 1992 by Mr. Madan Lal Goyal. The Company is engaged in civil construction works and undertakes all types of civil engineering works and has substantial equipment in the shape of plant & machinery, shuttering, trucks and dumpers etc. for different construction activities. Contracts are awarded to the company through Bidding Process. Besides main activity of construction of Road, Bridges & Buildings, it undertakes construction of Dams, Marine works like Break Waters, Jetties, Piling, Housing Complexes as well as in Real Estate Business. The company has also undertaken work for construction of groynes and sea wall for sea protection works along Ennore Expressway in Chennai, which is an environment protection work. Mr. Shashank Goyal, Mr. Sumit Goyal, Ms. Sharda Goyal, Mr. Rahul Garg, Mr. Mayank Goyal, Mr. Amit Varghese Joseph, Ms. Aanchal Kain are the directors of the company.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of RDS Project Limited.

Key Rating Drivers

Strengths

Established track record of operation and experienced management

RDSPL is a Delhi based public limited company which is engaged in infrastructure development for almost three decades with its major operations spread in Chennai, Kochi, Trivandrum, Port Blair and Mizoram. The management is supported by a well-qualified and experienced team of professionals. The extensive experience of the promoters in the industry has helped the company build its market presence. The company caters to reputed clientele, which includes National Highways Authority of India, Kerala Public Work Department, Other States Public Work

Departments, Andaman & Nicobar Administration to name a few. Acuité believes the company will benefit from its experienced management and healthy relations with suppliers.

Healthy Financial Risk Profile

The company has healthy financial risk profile marked by healthy net worth, low gearing and comfortable debt protection metrics. The net-worth of the company stood at Rs.266.20 Crore as on 31st March 2024 (Prov.) as against Rs.241.75 Crore as on 31st March 2023. The increase in the net-worth is on an account of accretion of profits into reserves. Further, the total debt of the company stood at Rs.169.75 Crore as on 31st March 2024 (Prov.) against Rs.102.61 Crore as on 31st March 2023. The capital structure of the company is comfortable marked by gearing ratio of the company which stood at 0.64 times as on 31st March 2024 (Prov.) against 0.42 times as on 31st March 2023. Further, the coverage indicators of the company are reflected by interest coverage ratio and debt service coverage ratio which stood at 2.39 times and 1.39 times respectively as on 31st March 2024 (Prov.) against 2.77 times and 1.31 times respectively as on 31st March 2023. The TOL/TNW ratio of the company stood at 1.19 times as on 31st March 2024 (Prov.) against 1.13 times as on 31st March 2023 and DEBT-EBITDA of the company stood at 2.19 times as on 31st March 2024 (Prov.) against 1.44 times as on 31st March 2023. Acuité believes that going forward the financial risk profile of the company will remain healthy with no major debt funded capex plans.

Weaknesses

Competitive and fragmented industry with tender based operations

RDSPL is engaged as an EPC contractor. The company faces intense competition from the presence of several mid to large sized players in the said industry. The risk becomes more pronounced as tendering is based on minimum amount of bidding on contracts and susceptibility to inherent cyclicalities in the road sector. However, in face of such competitive pressures, Acuité believes that RDSPL is well positioned on account of strong orderbook, its longstanding relationship with the government authorities in the infrastructure industry and the long track-record and experience of its promoters spanning nearing three decades.

Intensive working capital operations

The working capital operations of the company are intensive marked by GCA days which stood at 211 days as on 31st March 2024 (Prov.) as against 188 days as on 31st March 2023. The debtor days of the company stood moderate at 13 days as on 31st March 2024 (Prov.) as against 14 days as on 31st March 2023. Further, the inventory holding stood constant at 126 days as on 31st March 2024 (Prov.) and 31st March 2023. In addition, the average fund based bank limit utilization of the company stood at 86.61% approximately in last twelve months ended August 2024 and average non-fund based bank limit utilization stood at 82.71% in last twelve months ended August 2024. Further, in few months overutilization in working capital limits has been captured resulting into higher utilization of the facilities. The EPC business retains a naturally elevated working capital intensity, attributed to prolonged project execution timelines, payments tied to project milestones, and the release of retention money. Acuité believes that the working capital operations of the company will remain at similar levels over the medium term.

Rating Sensitivities

- Timely repayment of term loan obligations.
- Timely execution of projects in hand.
- Further elongation in working capital cycle.

Liquidity Position

Stretched

The liquidity profile of the company is stretched as there are delinquencies captured in multiple accounts of the company with delays in debt obligation servicing in the multiple months as per the reporting in CRIF High mark Report. In addition, there have been delays in interest payments for term loans (equipment loans) in the past few months as per the lender's feedback.

Outlook: Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	651.37	664.42
PAT	Rs. Cr.	24.45	25.46
PAT Margin	(%)	3.75	3.83
Total Debt/Tangible Net Worth	Times	0.64	0.42
PBDIT/Interest	Times	2.39	2.77

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>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
04 Aug 2023	Bills Discounting	Short Term	5.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	50.00	ACUITE A2 (Reaffirmed)
	Letter of Credit	Short Term	24.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	301.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	33.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	26.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	19.00	ACUITE A2 (Reaffirmed)
	Cash Credit	Long Term	35.00	ACUITE BBB+ Stable (Reaffirmed)
	Cash Credit	Long Term	4.00	ACUITE BBB+ Stable (Reaffirmed)
	Cash Credit	Long Term	33.00	ACUITE BBB+ Stable (Reaffirmed)
	Cash Credit	Long Term	1.50	ACUITE BBB+ Stable (Reaffirmed)
	Cash Credit	Long Term	6.50	ACUITE BBB+ Stable (Reaffirmed)
	Cash Credit	Long Term	12.00	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	5.98	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	3.86	ACUITE BBB+ Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	22.39	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	2.00	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	0.77	ACUITE BBB+ Stable (Reaffirmed)
31 May 2022	Cash Credit	Long Term	35.00	ACUITE BBB+ Negative (Reaffirmed)
	Cash Credit	Long Term	4.00	ACUITE BBB+ Negative (Reaffirmed)
	Cash Credit	Long Term	33.00	ACUITE BBB+ Negative (Reaffirmed)
	Cash Credit	Long Term	1.50	ACUITE BBB+ Negative (Reaffirmed)
	Cash Credit	Long Term	6.50	ACUITE BBB+ Negative (Reaffirmed)
	Cash Credit	Long Term	12.00	ACUITE BBB+ Negative (Reaffirmed)
	Term Loan	Long Term	5.98	ACUITE BBB+ Negative (Reaffirmed)
	Term Loan	Long Term	2.01	ACUITE BBB+ Negative (Reaffirmed)
	Term Loan	Long Term	3.86	ACUITE BBB+ Negative (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	20.38	ACUITE BBB+ Negative (Reaffirmed)
	Term Loan	Long Term	2.00	ACUITE BBB+ Negative (Reaffirmed)

01 Mar 2021	Term Loan	Long Term	0.77	ACUITE BBB+ Negative (Reaffirmed)
	Bills Discounting	Short Term	5.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	50.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	19.00	ACUITE A2 (Reaffirmed)
	Letter of Credit	Short Term	24.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	301.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	33.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	26.00	ACUITE A2 (Reaffirmed)
	Cash Credit	Long Term	35.00	ACUITE BBB+ Stable (Reaffirmed)
	Cash Credit	Long Term	4.00	ACUITE BBB+ Stable (Reaffirmed)
	Cash Credit	Long Term	33.00	ACUITE BBB+ Stable (Reaffirmed)
	Cash Credit	Long Term	1.50	ACUITE BBB+ Stable (Reaffirmed)
	Cash Credit	Long Term	6.50	ACUITE BBB+ Stable (Reaffirmed)
	Cash Credit	Long Term	12.00	ACUITE BBB+ Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	20.38	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	5.98	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	2.01	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	3.86	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	0.77	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	2.00	ACUITE BBB+ Stable (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	50.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	19.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	301.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	33.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	26.00	ACUITE A2 (Reaffirmed)
	Bills Discounting	Short Term	5.00	ACUITE A2 (Reaffirmed)
	Letter of Credit	Short Term	24.00	ACUITE A2 (Reaffirmed)
	Term Loan	Long Term	1.00	ACUITE BBB+ (Reaffirmed & Withdrawn)
	Term Loan	Long Term	0.16	ACUITE BBB+ (Reaffirmed & Withdrawn)
	Term Loan	Long Term	2.00	ACUITE BBB+ (Reaffirmed & Withdrawn)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A4 Downgraded (from ACUITE A2)
Bank of India	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	50.00	Simple	ACUITE A4 Downgraded (from ACUITE A2)
Bank of Baroda	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	301.00	Simple	ACUITE A4 Downgraded (from ACUITE A2)
Federal Bank	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	33.00	Simple	ACUITE A4 Downgraded (from ACUITE A2)
Punjab National Bank	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	26.00	Simple	ACUITE A4 Downgraded (from ACUITE A2)
HDFC Bank Ltd	Not avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A4 Downgraded (from ACUITE A2)
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	35.00	Simple	ACUITE C Downgraded (from ACUITE BBB+)
Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.00	Simple	ACUITE C Downgraded (from ACUITE BBB+)
Bank of Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	33.00	Simple	ACUITE C Downgraded (from ACUITE BBB+)
Federal Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.50	Simple	ACUITE C Downgraded (from ACUITE BBB+)
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.50	Simple	ACUITE C Downgraded (from ACUITE BBB+)
Bank of Baroda	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	24.00	Simple	ACUITE A4 Downgraded (from ACUITE A2)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	52.85	Simple	ACUITE C Downgraded (from ACUITE BBB+)
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	115.00	Simple	ACUITE A4 Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	07 Apr 2026	2.00	Simple	ACUITE C Downgraded (from ACUITE BBB+)
Sundaram Finance Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Jan 2025	0.48	Simple	ACUITE C Downgraded (from ACUITE BBB+)
ICICI Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	07 Feb 2026	3.37	Simple	ACUITE D Downgraded (from ACUITE BBB+)
Axis Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	20 Apr 2026	2.30	Simple	ACUITE C Downgraded (from ACUITE BBB+)

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About Acuité Ratings & Research

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