

Press Release

Rudra And Company

September 12, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 10.60 Cr.
Long Term Rating	ACUITE B+ / Outlook: Stable
Short Term Rating	ACUITE A4

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE B+**' (read as **ACUITE B plus**) and short term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs. 10.60 crore bank facilities of Rudra And Company. The outlook is '**Stable**'.

Established in 1983 Rudra and Company is a West Bengal based proprietorship concern promoted by Mr Rudra. Later in 2007 the constitution was converted into partnership firm with the induction of Ms. Rama Rudra. The firm is engaged in civil construction business which is mainly undertaken for West Bengal government.

Key Rating Drivers

Strengths

- **Experienced management and long track record of operations**

The partners of Rudra and Company has extensive experience of over two decades in the civil construction business. The extensive experience has resulted in receiving repeated orders from the Govt. of West Bengal.

Weaknesses

- **Working capital intensive nature of operations**

The operations are working capital intensive in nature marked by gross current asset days (GCA) of 159 days as on FY2018 (Prov) as against 98 days in the previous year. The rise in GCA days in FY 2018 is on account of (rise in inventory days to 99 days in FY'18. The debtor days stood at 16 days as on 31st March 2018 (Prov) as against 56 days in previous year.

- **Average financial risk profile**

The average financial risk profile is marked by low net worth, moderate gearing and comfortable debt protection matrix. The net worth stood at Rs.3.33 crore as on 31st March 2018 (Prov) as against Rs.2.62 crores in the previous year. The gearing stood at 1.45 times as on 31st March 2018 (Prov) as against 2.73 times in the previous year. The total debt of Rs.4.83 crore consists of long term loan of Rs.1.97 crore and working capital facilities of Rs.2.87 crores. The interest coverage ratio stood at 2.73 times in FY 2018 (Prov) as against 2.39 times in the previous year.

- **Intense competition and fragmented nature of business**

Rudra & Company operates in the construction industry which requires bidding for the projects based on the tenders. Accordingly, the company is exposed to intense competition from several organized and unorganized players.

Analytical Approach

Acuite has considered the standalone business and financial risk profile of the company to arrive at the rating.

Outlook: Stable

Acuite believes the outlook on RC's rated facilities will remain stable over the medium term on account of its experienced partners. The outlook may be revised to 'Positive' if the firm registers significant and

sustainable growth in revenue and profitability while improving its working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of firm registers significant decline in -revenue or profitability or stretched working capital cycle resulting in deterioration of its financial risk profile.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	12.91	15.49	14.23
EBITDA	Rs. Cr.	2.40	2.21	2.13
PAT	Rs. Cr.	0.86	0.99	0.79
EBITDA Margin	(%)	18.57	14.25	14.97
PAT Margin	(%)	6.69	6.38	5.53
ROCE	(%)	19.43	19.67	18.33
Total Debt/Tangible Net Worth	Times	1.45	2.73	6.06
PBDIT/Interest	Times	2.73	2.39	2.21
Total Debt/PBDIT	Times	2.02	2.91	3.96
Gross Current Assets (Days)	Days	102	98	121

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

None

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)

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	9.50	ACUITE B+ / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	1.10	ACUITE A4

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About Acuité Ratings & Research:

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