

Press Release

R K D Infrastructure Private Limited

October 05, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 41.00 Cr.
Long Term Rating	ACUITE BBB-/Stable (Assigned)
Short Term Rating	ACUITE A3 (Assigned)

* Refer Annexure for details

Rating Rationale

Acuite has assigned long term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) and short term rating of '**ACUITE A3**' (read as **ACUITE A three**) to the Rs. 41.00 crore bank facilities of RKDInfrastructure Private Limited (RKDIPL). The outlook is '**Stable**'.

Established as a proprietorship concern in 1989 and later converted as a private limited in 2009- RKD Infrastructure Private Limited (RKDIPL) is a Kolkata based company engaged in construction of roads and buildings. The company undertakes construction of metro stations, maintenance of railways and metro tracks, civil works consists of construction of bridges for metro and Indian railways, construction of roads in Assam, West Bengal, Odisha and Jharkhand. Currently the business is managed by Mr. Ratan Kumar Das, who have been in the civil construction business for more than two decades.

Analytical Approach:

Acuite has taken a standalone view of the business and financial risk profile of SLN Agro to arrive at the rating.

Key Rating Drivers:

Strengths

Experienced management and long track record of operations

The promoter, Mr. Ratan Kumar Das has an experience of over two decades in the civil construction business. During this tenure, the RKDIPL has executed several projects in the engineering & construction sector at different places in India, for both Central and State government entities like Metro Railways Kolkata, Eastern Railways, RITES Limited, National Thermal Power Corporation Limited (NTPC), Coal India Limited (CIL), Public Works Department (PWD-West Bengal), Kolkata Municipal Corporation etc.

Healthy order book position

The company has a healthy order book position of ~ Rs 115 crs which provides revenue visibility over the medium term. Apart from the above orders, the company is also executing projects under joint venture where the company has healthy order book of ~ Rs 275 crs.

Robust financial risk profile

The robust financial risk profile of the RKDIPL is marked by its modest net worth, healthy gearing and debt protection metrics. The net worth stood at Rs 13.55 crore as on 31st March'18 as against Rs 9.40 crs in the FY2017. Debt equity stands comfortable at 0.29 times as on 31st March'18 as compare to 0.23 times in the previous year. The Total debt of Rs 4.00 crore as on 31st March' 2018

consist of long term loan of Rs 2.29 crore, Rs 0.01 cr of unsecured loan from promoters and Rs 1.69 crore of CPLTD. The company reported a comfortable interest coverage ratio of 7.34 times as on 31st March, 2018 as against 5.94 times as on 31st March'2017. Net Cash accruals to Total Debt (NCA/TD) stands at 0.70 times in FY2018. DSCR is comfortable at 3.04 times in FY2018. Going forward, Acuite believes the financial risk profile to remain healthy over the medium term in the absence of any significant capex plan.

Weaknesses

Modest scale of operation

The scale of operation is modest with revenue of Rs 41 crore in fiscal 2018 as against Rs 38.26 crore in FY 2017.

Moderate working capital cycle

The operation are working capital intensive nature marked by GCA days of 149 as on 31st March'2018 as compare to 82 days in the previous year. The rise in GCA days is on account of rise in debtor days and cash and bank balance. The debtor days increased to 66 days as on 31st March'2018 from 25 days in the previous year. The rise in debtor days in FY 2018 was on account of higher sales in the last quarter of FY 2018 where the company achieved Rs 17.65 crs (44 per cent of total revenue). Further Rs 3.19 crs is included under debtors as retention money which is ~ 10% of the total bill value usually released after 12 months from the date of completion of contract.

Presence in highly competitive and fragmented industry

The company is operating in competitive and fragmented nature of industry. There are several players in the organized and unorganized civil construction business.

Analytical Approach

Acuite has taken a standalone view of the business and financial risk profile of the company.

Outlook: Stable

Acuite believes that company will continue to benefit over the medium term from the promoters long experience in the civil construction business. The outlook may be revised to 'Positive' if the company achieves more than envisaged sales and profitability while improving its working capital cycle. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve growth in revenue and financial risk profile further deteriorates owing to higher-than-expected increase in debt-funded working capital requirement.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	41.16	38.26	41.77
EBITDA	Rs. Cr.	7.71	4.80	3.98
PAT	Rs. Cr.	4.15	2.40	2.27
EBITDA Margin	(%)	18.72	12.56	9.53
PAT Margin	(%)	10.08	6.27	5.43
ROCE	(%)	36.02	39.09	138.64
Total Debt/Tangible Net Worth	Times	0.29	0.85	0.09
PBDIT/Interest	Times	7.34	5.94	9.44
Total Debt/PBDIT	Times	0.51	1.65	0.11
Gross Current Assets (Days)	Days	149	82	30

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/criteria-infra.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/criteria-fin-ratios.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. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE BBB- / Stable
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE BBB- / Stable
Bank guarantee/Letter	Not Applicable	Not Applicable	Not Applicable	18.75	ACUITE A3
Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	16.25	ACUITE A3

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About Acuité Ratings & Research:

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