

Press Release

Rushi Stone Crusher

October 10, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 10.00 Cr.
Long Term Rating	ACUITE BB / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE BB**' (read as **ACUITE double B**) to the Rs. 10.00 crore bank facilities of Rushi Stone Crusher (RSC). The outlook is '**Stable**'.

Established in 1996, RSC is a partnership firm engaged in stone crushing business. It is led by Proprietor, Mr. Jayant Avhad. The stone quarry is located at Sinnar, spread across 19 acres, out of which 2 to 3 acres has been utilised. The firm's monthly production is around 15000 tonnes.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of RSC to arrive at the rating.

Key Rating Drivers

Strengths

- Experienced management**

RSC commenced operations from 1996. The Proprietor has over two decades of experience. Acuité believes that RSC will continue to benefit from its experienced management and established relationship with customers.

- Moderate scale of operations and high profitability**

RSC has reported operating income of Rs.13.64 crore for FY2018 (Provisional) as against Rs.14.21 crore in FY2017 and Rs.4.84 crore in FY2016. Increase in revenues is mainly because of the demand from construction of Nashik-Sinnar four lane highway. The operating margins stood high at 37.58 percent in FY2018 (Provisional) as against 36.17 percent in FY2017. Further, Profit after Tax (PAT) margin stood high at 36.90 percent in FY2018 (Provisional) as against 30.81 percent in FY2017.

- Comfortable financial risk profile**

The financial risk profile is comfortable marked by moderate net worth and comfortable debt protection measures and gearing. The net worth of the company is moderate at Rs.9.83 crore as on 31 March, 2018 (Provisional) as against Rs.7.06 crore as on 31 March, 2017. The gearing of the company has stood comfortable at 0.36 times as on March 31, 2018 (Provisional) as against 0.35 times as on 31 March, 2017. Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 0.49 times as on 31 March, 2018 (Provisional) as against 0.41 times as on 31 March, 2017. Interest Coverage Ratio (ICR) improved to 50.39 times in FY2018 (Provisional) from 18.38 times in FY2017. Net Cash Accruals/Total Debt (NCA/TD) stood at 1.42 times as on 31 March, 2018 (Provisional) as against 2.02 times as on 31 March, 2017. Debt Service Coverage Ratio (DSCR) stood at 50.39 times for FY2018 (Provisional) as against 18.38 times in FY2017. Acuité believes that the financial risk profile of RSC will continue to remain comfortable over the medium term on account of its improving scale of operations.

Weaknesses

• Intensive working capital operations

RSC operations are working capital intensive marked by Gross Current Assets (GCA) of 176 days in FY2018 (Provisional) as against 161 days in FY2017. The inventory and debtors levels stood at 21 days and 76 days in FY2018 (Provisional) as against 16 days and 60 days in FY2017, respectively. As a result, the average utilisation of bank limits stood high at ~100 percent in the last six months.

Outlook: Stable

Acuité believes that RSC will maintain 'Stable' outlook over the medium term from the industry experience of its promoters. The outlook may be revised to 'Positive' if there is substantial and sustained improvement in RSC's operating income or profitability, while maintaining its working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of weakening of capital structure and debt protection metrics.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	13.64	14.21	4.84
EBITDA	Rs. Cr.	5.13	5.14	1.50
PAT	Rs. Cr.	4.01	4.38	0.66
EBITDA Margin	(%)	37.58	36.17	31.02
PAT Margin	(%)	29.42	30.81	13.61
ROCE	(%)	35.97	58.39	16.28
Total Debt/Tangible Net Worth	Times	0.36	0.35	1.03
PBDIT/Interest	Times	50.39	18.38	4.09
Total Debt/PBDIT	Times	0.69	0.47	2.10
Gross Current Assets (Days)	Days	176	161	234

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>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.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
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE BB / Stable (Assigned)

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About Acuité Ratings & Research:

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