

Press Release

RSSB Hike Private Limited (RHPL)

January 03, 2019

Rating Assigned



Total Bank Facilities Rated	Rs.15.00 crore
Long Term Rating	ACUITE BBB-/ Stable (Assigned)
Short Term Rating	ACUITE A3 (Assigned)

Rating Rationale

Acuité has assigned the long term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) and the short term rating of '**ACUITE A3**' (read as **ACUITE A three**) to the Rs.15.00 crore bank facilities of RSSB Hike Private Limited (RHPL). The outlook is '**Stable**'.

RHPL was established in 1992 as a partnership firm under the name 'M/s Ramsharan Singh' by Mr. Ramsharan Singh Bhaduriya and has changed its constitution in October 2018 and name to its current name. The company is engaged into civil construction work for Chhattisgarh Medical Service Corporation Ltd, Chhattisgarh Rural Road Development Authority, Public Works Department (PWD) Chhattisgarh, Police Housing Corporation, Chhattisgarh, Madhya Pradesh Laghu Udyog Nigam Limited, Chhattisgarh Housing Board, Raipur, and District Construction Committee Sukma.

Analytical Approach:

Acuité has taken a standalone view of the business and financial risk profile of RHPL to arrive at the rating.

Key Rating Drivers:

Strengths

Experienced management

The current Directors of the company, Mr. Shiv Kesh Singh and Ms. Jyoti Singh Bhaduriya, have vast experience of more than 25 years which have helped them to establish comfortable relationships with reputed clients.

Healthy financial risk profile

RHPL's healthy financial risk profile is marked by moderate net worth of Rs.16.11 crore in FY2018, an increase from Rs.6.27 crore in FY2017, mainly on account of retention of current year profit. The gearing of the company stood comfortable at 0.53 times in FY2018 declined from 1.25 times in FY2017, this improvement in gearing is due to increase in net worth. The total debt of Rs.8.52 crore consists of long term debt of Rs.8.26 crore and unsecured loan of Rs.0.26 crore from promoters. The interest coverage ratio (ICR) of the company stood robust at 10.53 times in FY2018 as compared to 7.13 times in the previous year. Debt service coverage ratio (DSCR) stood strong at 4.80 times in FY2018 as compared to 7.13 times in previous year. Net cash accrual to total debt (NCA/TD) stood healthy at 1.41 times in FY2018 as compared to 0.44 times in the previous year. Going forward, the financial risk profile is expected to improve as the company has no debt funded capex plans.

Healthy order book position

The company has unexecuted order book of Rs.276.82 crore from different government departments and is expected to execute the entire order by 01 May, 2021. The healthy order book lends comfortable revenue visibility for next 2 years.

Weaknesses

Modest scale of operation

Though the company has started operation since 1992, the scale of operation stood modest at Rs.97.67 crore in FY2018 as compared to Rs.49.11 crore in FY2017. The reason for significant increase in revenue is due to execution of higher orders during the year. The company has booked revenue of Rs.85.00 crore (provisional) till end of November in current fiscal.

Outlook: Stable

Acuite believes that RSSB will maintain a stable outlook over the medium term owing to its promoters' extensive experience and established relations with customers. The outlook may be revised to 'Positive' if the company registers more than expected revenues while improving its financial risk profile. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve the expected revenue or the financial risk profile deteriorates.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	97.67	49.11	25.81
EBITDA	Rs. Cr.	13.10	3.91	2.74
PAT	Rs. Cr.	10.50	2.48	1.06
EBITDA Margin	(%)	13.41	7.95	10.61
PAT Margin	(%)	10.75	5.06	4.13
ROCE	(%)	60.70	28.71	66.87
Total Debt/Tangible Net Worth	Times	0.53	1.25	0.83
PBDIT/Interest	Times	10.53	7.13	7.31
Total Debt/PBDIT	Times	0.64	1.94	1.15
Gross Current Assets (Days)	Days	55	51	33

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. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE BBB-/ Stable (Assigned)
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	8.00	ACUITE BBB-/ Stable (Assigned)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	3.75	ACUITE A3 (Assigned)
Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	1.25	ACUITE A3 (Assigned)

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About Acuité Ratings & Research:

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