

Press Release

Ruby Bus Private Limited

September 16, 2020



Rating Withdrawn

Total Bank Facilities Rated*	Rs. 25.00 Cr. #
Long Term Rating	ACUITE B (Withdrawn)
Short Term Rating	ACUITE A4 (Withdrawn)

Refer Annexure for details

* The issuer did not co-operate; based on best available information.

Acuité has withdrawn the long term rating of '**ACUITE B**' (**read as ACUITE B**) and the short term rating of '**ACUITE A4**' (**read as ACUITE A four**) on the Rs.25.00 crore bank facilities of Ruby Bus Private Limited (RBPL). The rating withdrawal is in accordance with Acuité's 'policy on withdrawal of rating'.

The rating is being withdrawn on account of request received from the company and NOC received from the bank.

Gujarat based, Ruby Bus Private Limited (RBPL) was established in 1947 as a proprietorship firm by Late Mr. Shantilal Kapashi. The constitution was changed into a private limited company in 2003. Currently, the directors of the company are Mr. Pankaj D. Kapashi, Mrs. Shilpa P. Kapashi, Ms. Rushina P. Kapashi and Mr. Paresh R. Kacheria. The company is engaged in manufacturing of bus bodies for Staff Buses, School Buses, City Buses, etc.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of RBPL to arrive at this rating.

Key Rating Drivers

Strengths

- **Experienced management**

RBPL was established in 1947 as a proprietorship firm and later in 2003 the constitution was changed into a private limited company; thus, the company has an operational track record of over seven decades in the automobile industry. Mr. Pankaj D. Kapashi (Managing Director) has an experience of around four decades in the aforementioned line of business. Further, the directors of the company have experience of around two decades. The long track record of operations and experience of management have helped the company develop healthy relationships with its customers and suppliers.

Acuité believes that RBPL will sustain its existing business profile on the back of an established track record of operations and experienced management.

Weaknesses

- **Average financial risk profile**

The company has an average financial risk profile marked by moderate net worth, high gearing and average debt protection metrics. The net worth stood at Rs.11.79 crore as on 31 March, 2019 as against Rs.10.96 crore on 31 March, 2018 due to healthy accretion to reserves.

The company has followed an aggressive financial policy in the past; the same is reflected through its gearing levels of 3.23 times as on March 31, 2018. The gearing improved to 2.35 times as on March 31, 2019. The total debt of Rs.27.75 crore as on 31 March, 2019 consisted of long term debt of Rs.0.96 crore, unsecured loans of Rs.3.18 crore and short term borrowings of Rs.23.61 crore. Total outside liabilities to tangible net worth (TOL/TNW) stood high at 5.55 times as on 31 March 2019 as against 5.82 times as on 31 March 2018.

RBPL generated cash accruals of Rs.1.80 crore in FY2019 as against Rs.1.39 crore in FY2018. The profitability levels, coupled with debt levels, have led to average debt protection measures. The NCA/TD and interest coverage ratio for FY2019 were comfortable at 0.07 times and 1.31 times, respectively.

Acuité believes that the financial risk profile of the company is likely to remain average over the medium

term, on account of high gearing and average debt protection metrics.

• Working capital intensive nature of operations

The company's operations are working capital intensive in nature as reflected in Gross Current Assets (GCA) of 443 days in FY2019 as against 362 days in FY2018. GCA days remained high due to high inventory holding period of 200 days in FY2019 as compared to 191 days in FY2018.

Acuité believes that the working capital requirements will continue to remain intensive over the medium term on account of the high inventory period.

Liquidity position: Stretched

RBPL has stretched liquidity marked by net cash accruals to its maturing debt obligations. The company generated cash accruals of ~Rs.1.39 to Rs.1.80 crore during the last three years through 2017-19, while its maturing debt obligations were in the range of ~Rs.0.37 to Rs. 1.21 crore over the same period. The company's operations are working capital intensive as marked by Gross Current Asset (GCA) days of 443 in FY2019. RBPL maintains unencumbered cash and bank balances of Rs.0.01 crore as on March 31, FY2019 (Provisional). The current ratio of RBPL stood at 1.06 times as on March 31, FY2019. Acuité believes that the liquidity of the company is likely to remain stretched over the medium term on account of average cash accrual against the maturing debt obligations.

Rating Sensitivities:

Not Applicable

Applicable Criteria

- Default Recognition -<https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities-<https://www.acuite.in/view-rating-criteria-59.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

About the Rated Entity - Key Financials

	Unit	FY19(Actual)	FY18(Actual)
Operating Income	Rs. Cr.	50.56	57.50
PAT	Rs. Cr.	0.80	0.51
PAT Margin	(%)	1.59	0.88
Total Debt/Tangible Net Worth	Times	2.35	3.23
PBDIT/Interest	Times	1.31	1.23

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

Not Applicable

Any other information

None

Rating History (Up to last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
03-Jul-2019	Cash Credit	Long Term	12.00	ACUITE B/Stable (Assigned)
	Dropline Overdraft	Long Term	4.17	ACUITE B/Stable (Assigned)
	Bank Guarantee/Letter of Guarantee	Short Term	7.00	ACUITE A4 (Assigned)
	Proposed	Long Term	1.83	ACUITE B/Stable (Assigned)

*Bank guarantee includes sublimit of Letter of Credit to the extent of Rs. 5.00 crore

#Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings
Cash Credit	Not Applicable	Not Applicable	Not Applicable	12.00	ACUITE B (Withdrawn)
Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	7.00*	ACUITE A4 (Withdrawn)
Dropline Overdraft	Not Applicable	Not Applicable	Not Applicable	4.17	ACUITE B (Withdrawn)
Proposed	Not Applicable	Not Applicable	Not Applicable	1.83	ACUITE B (Withdrawn)

* Bank guarantee includes sublimit of Letter of Credit to the extent of Rs. 5.00 crore

Contacts

Analytical	Rating Desk
Aditya Gupta Vice President- Corporate and Infrastructure Sector Tel: 022-49294041 aditya.gupta@acuite.in	Varsha Bist Senior Manager - Rating Desk Tel: 022-49294011 rating.desk@acuite.in
Stuti Fomra Analyst - Rating Operations Tel: 011-49731309 stuti.fomra@acuite.in	

About Acuité Ratings & Research:

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