



Press Release
RPL Projects Limited
August 16, 2023
Rating Reaffirmed and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	10.00	ACUITE C Reaffirmed	-
Bank Loan Ratings	35.00	Not Applicable Withdrawn	-
Bank Loan Ratings	25.00	-	ACUITE A4 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	35.00	-	-
Total Withdrawn Quantum (Rs. Cr)	35.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of **Acuite C (Read as ACUITE C)** and short-term rating of **Acuite A4 (Read as ACUITE A Four)** on Rs.35.00 Cr bank facilities of RPL Projects Limited (RPLPL). Acuite has also withdrawn its rating on Rs.35.00 Cr bank facility of RPLPL. The rating has been withdrawn on Acuite's policy of withdrawal of ratings. The rating has been withdrawn on account of the request received from the company, and NDC from the Banker.

Reason for rating reaffirmation

The rating has been re-affirmed considering the instances of delays in servicing of debt obligations on term loans (not rated by Acuite) in recent months by RPLPL.

About the Company

Varanasi based, RPL Projects Limited (RPLPL) was incorporated in the year 2009 and is engaged in removal of overburden from coal mines, logistics of fine coal and trading of coal across the country. RPLPL executes contracts for reputed companies like Western Coalfields Limited, Ultratech Cement Limited and Grasim Industries Limited, to name a few. Currently, the directors of the company are Mr. Naveen Rungta, Mr. Praveen Kumar Rungta, Mr. Santosh Kumar Rungta and Mr. Mahendra Kumar Rungta.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of RPL Projects Limited to arrive at this rating.

Key Rating Drivers

Strengths

Experienced management and established track record of operations

Incorporated in 2009, the company executes contracts related to removal of overburden from coal mines and logistics of fine coal. The company is also engaged in the trading of coal. The promoters and directors of the company have over two decades of experience in the industry. RPLPL caters to the demand of various reputed clients such as Western Coalfields

Limited and Northern Coalfields Limited, to name a few.

Acuité believes that the company will continue to benefit from its established track record of operations and experienced management.

Moderate financial risk profile

The financial risk profile of the company is moderate marked by healthy net worth, low gearing, moderate debt protection metrics and coverage indicators. The net worth of the company stood at Rs.58.60 Cr as on 31 March 2023 (Prov) as against Rs.53.23 Cr as on 31 March 2022. The improvement is on account of accretion of net profits to the reserves. The gearing level (debt-equity) improved to 0.24 times as on 31 March 2023 (Prov) as against 0.44 times as on 31 March 2022. The total debt of Rs.14.28 Cr as on 31 March 2023(Prov) comprises of long-term borrowings of Rs. 9.40 Cr, unsecured loans of Rs.3.46 Cr and working capital borrowings of Rs. 1.42 Cr. Interest coverage and DSCR ratio improved in FY2023(Prov) on account of lower finance expenses and reduction in overall debt-levels and stood at 12.07 times and 1.56 times in FY2023(Prov) respectively against 4.56 times and 1.32 times in FY2022.TOL/TNW (Total outside liabilities/Total net worth) stood at 0.88 times as on 31 March 2023 (Prov) against 0.89 times in previous year. Further NCA/TD stood at 1.04 for FY2023 (Prov) as against 0.61 times for FY2022. RPLPL is expected to maintain a moderate financial risk profile on account of no major debt-funded capex plan.

Weaknesses

Past delays in servicing of debt obligations

There were delays noted in servicing of term loan obligations (not rated by Acuite) in recent months by RPLPL.

Working Capital Intensive Nature of Operations

The company has intensive working capital operations marked by Gross Current Assets (GCA) of 158 days in FY2023 (Prov) as against 146 days in FY2022. The GCA days are majorly dominated by the debtors and other current assets. The debtor days stood at 39 days in FY2023(Prov.) and 30 days in FY2022. The other current assets mainly consist of security deposits and advances to suppliers. The inventory days stood at 25 days in FY2023(Prov) and 30 days in FY2022. On the other hand, the company is able to extend its payable days, leading to moderate reliance on working capital limits. RPLPL's fund-based bank limit utilisation stood at 50% for the last 8 months ending March 2023 and non-fund based limit utilisation stood at 28% during the same period.

Acuite expects the working capital requirements of RPLPL to remain moderately intensive in the medium term.

Susceptibility to tender-based operations

Revenue and profitability depend entirely on the ability to win tenders. Entities in this segment face intense competition, thus requiring them to bid aggressively to procure contracts; this restricts the operating margin to a moderate level.

Rating Sensitivities

- Timely execution of its order book leading to substantial improvement in scale of operations while maintaining profitability margins over the medium term.
- Stretched working capital cycle and deterioration in liquidity position.
- Any deterioration in Revenue profile and leverage position of the company.
- Any weakening of financial risk profile of the company.

Material covenants

None

Liquidity Position **Stretched**

The company has stretched liquidity profile marked by delays noted in servicing of debt obligations in recent past. The company generated cash accruals of Rs.14.85 Cr during FY2023 (Prov), against maturing debt obligations of Rs. 9.00 Cr. The cash accruals of RPLPL are

estimated to remain in the range of Rs. 16.36 Cr to Rs. 18.99 Cr in FY2023-25. The current ratio of the company stood at 1.79 times as on March 31, 2023 (Prov). The unencumbered cash and bank balances of RPLPL stood at Rs.1.56 Cr as on March 31, 2023 (Prov).

Outlook:Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Provisional)	FY 22 (Actual)
Operating Income	Rs. Cr.	124.70	120.14
PAT	Rs. Cr.	5.41	4.96
PAT Margin	(%)	4.34	4.13
Total Debt/Tangible Net Worth	Times	0.24	0.44
PBDIT/Interest	Times	12.07	4.56

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

ICRA vide its Press Release dated July 14,2022, had reaffirmed RPLPL to ICRA B/Stable/A4; Issuer Not Cooperating.

Brickworks vide its Press Release dated March29 ,2023, had downgraded & reaffirmed RPLPL to BWR B/Stable/A4; Issuer Not Cooperating.

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
08 Nov 2022	Cash Credit	Long Term	20.00	ACUITE C (Downgraded and Issuer not co-operating*)
	Standby Line of Credit	Short Term	3.25	ACUITE A4 (Downgraded and Issuer not co-operating*)
	Proposed Bank Facility	Long Term	2.25	ACUITE C (Downgraded and Issuer not co-operating*)
	Cash Credit	Long Term	4.50	ACUITE C (Downgraded and Issuer not co-operating*)
	Bank Guarantee	Short Term	40.00	ACUITE A4 (Downgraded and Issuer not co-operating*)
02 Sep 2021	Proposed Bank Facility	Long Term	2.25	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE BBB- Stable (Reaffirmed)
	Standby Line of Credit	Short Term	3.25	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	4.50	ACUITE BBB- Stable (Reaffirmed)
	Bank Guarantee	Short Term	40.00	ACUITE A3 (Reaffirmed)
06 Mar 2020	Standby Line of Credit	Short Term	3.25	ACUITE A3 (Assigned)
	Proposed Bank Facility	Long Term	2.25	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	4.50	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	20.00	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Union Bank of India	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	25.00	ACUITE A4 Reaffirmed
State Bank of India	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	35.00	Not Applicable Withdrawn
Union Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	10.00	ACUITE C Reaffirmed

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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