



Press Release
RAMESHWAR TRANSPORT CO PRIVATE LIMITED
July 31, 2024
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	78.95	ACUITE BB Stable Assigned	-
Bank Loan Ratings	1.05	-	ACUITE A4+ Assigned
Total Outstanding Quantum (Rs. Cr)	80.00	-	-

Rating Rationale

Acuite has assigned its long-term rating of '**ACUITE BB**' (read as **ACUITE Double B**) and its short-term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs. 80 Cr. bank facilities of Rameshwar Transport Co Private Limited (RTCPL). The outlook is '**Stable**'.

Rationale for Rating Assigned

The rating assigned considers the established track record of operations of more than 40 years in this line of business along with experienced management. The rating factors in growing scale of operations with operating income of the company rising by ~40 percent in FY 2024 (Prov.). The operating income stood at Rs. 74.11 Cr. in FY 2024 (Prov.) as against Rs. 53.49 Cr. in FY2023 and Rs. 44.62 Cr. in FY 2022. The rating favourably factors in healthy financial risk profile, characterized by a moderate net worth, average gearing and comfortable debt protection metrics as on 31st March 2024 (Prov.). Further, it considers the adequate liquidity position of the company with moderate reliance on short term bank borrowings with an average utilization of 70-75% for last 12 months ended March 2024. However, the above-mentioned strengths are constrained by moderate working capital nature of operations with a GCA days of 124 days in FY2024 (Prov.). Further, it also factors in the business risk faced by the company in terms of customer concentration, as ~50 percent of the revenue is generated from the 1 customer in FY2024 (Prov.) and also the revenue is susceptible to tender based orders.

About the Company

Rameshwar Transport Co Private Limited (RTCPL) started its operations in the year 1979 and was converted into private limited company in 2015. The directors of RTCPL are Mr. Rajesh Rameswarbhai Jogi and Mr. Nittal Jogi. RTCPL is engaged in providing Heavy and ODC (Over Dimensional Cargo) transportation services. RTCPL has fleet of modern and heavy-duty mechanical trailers and can move single heavy lift and ODC package upto 1200 M.T. in weight. In the span of past 42 years the company has handled various Corporate, Private and Government projects like refineries, fertilizers, cement, paper and petrochemicals. RTCPL possesses ISO 45001:2018, 9001:2015, and 14001:2015 certifications. Further, RTCPL has a reputed client base which comprises of Larsen & Toubro Limited, Bharat Heavy Electricals Ltd, Transformers & Rectifiers (India) Ltd, Vijay Tanks & Vessels (P) Ltd etc.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered standalone business and financial risk profiles of Rameshwar Transport Co Private Limited. (RTCPL) to arrive at the rating.

Key Rating Drivers

Strengths

Established track record of operations along with experienced management.

RTCPL has an established track record of more than four decades in this line of business and is assisted by Mr. Rajesh Rameswarbhai Jogi and Mr. Nittal Jogi. Mr. Rajesh Rameswarbhai Jogi possesses industry experience of more than twenty years.

The operating income increased by ~40 percent and stood at Rs. 74.11 Cr. in FY 2024 (Prov.) as against Rs. 53.49 Cr. in FY2023 and Rs. 44.62 Cr. in FY 2022. The increase in topline is attributed to consignments worth Rs. 10.18 Cr. from Bharat Heavy Electricals Ltd, Rs. 4.68 Cr. from Transformers & Rectifiers (India) Ltd and Rs. 4.93 Cr. from Vijay Tanks & Vessels (P) Ltd. The company has achieved a revenue of ~Rs 30 crore till June 2024. The operating margin increased marginally and stood at 29.41% in FY2024 (Prov.) as against 28.89% in FY 2023. The PAT margin stood at 3.30% in FY 2024 (Prov.) as against 3.53% in FY 2023. The company's low PAT margins can be attributed to high depreciation expenses due to large fleet of vehicle which must be maintained due to its line on business and to the interest cost incurred by the company on vehicles loans. Further, the company has an order book position of ~Rs. 7 Cr. as on 30th June 2024.

Acuité believes the company shall continue to benefit from its established position in the transport industry, experienced management and established relationships with customers and suppliers.

Healthy Financial Risk Profile.

The financial risk profile of the company stood healthy, marked by moderate net worth, average gearing (debt-equity) and comfortable debt protection metrics. The tangible net worth stood at Rs. 17.97 Cr. as on 31 March 2024 (Prov.) as against Rs. 13.64 Cr. as on March 31, 2023. The increase in net worth is majorly due to accretion of profits to the reserves. The total debt of the company as on 31 March 2024 (Prov.) stood at Rs. 66.80 Cr. which includes long term loan of Rs. 40.68 Cr., unsecured loans from directors and promoters of Rs. 18.80 Cr. and short term debt of Rs. 7.32 Cr. (in terms of CC). The gearing (debt- equity) improved marginally to 3.72 times as on 31 March 2024 (Prov.) as compared to 4.16 times as on 31 March 2023. Further the debt protection metrics stood comfortable marked by Interest Coverage Ratio stood at 5.08 times for FY2024 (Prov.) as against 4.98 times for FY2023. Debt Service Coverage Ratio (DSCR) stood at 4.85 times in FY2024 (Prov.) as against 4.60 times in FY2023. Total outside Liabilities/Total Net Worth (TOL/TNW) stood at 4.18 times as on 31 March 2024 (Prov.) as against 4.64 times as on 31 March 2023. Net Cash Accruals to Total Debt (NCA/TD) stood at 0.25 times for FY2024 (Prov.) as against 0.20 times for FY2023.

Acuite believes that financial risk profile of the company may continue to remain healthy with no major debt funded capex plan.

Weaknesses

Moderate Working Capital Management

The working capital management of the company is moderate marked by improved though high GCA days of 124 days in FY2024 (Prov.) as against 175 days in FY2023. This improvement is attributed to decrease in the other current assets. The other current assets stood at Rs. 2.43 Cr. in FY2024 (Prov.) as against Rs. 10.17 Cr. in FY2023. Subsequently, the debtor's collection period stood at 110 days in FY2024 (Prov.) as against 102 days for FY2023. Generally, the credit period extended to clients is 45-90 days and in case of big clients the payment is sometimes received on advanced basis. The creditors' days stood at 53 days in FY2024 (Prov.) and FY2023. Credit period received from the suppliers is 30-45 days. The working capital limits are marked by moderate utilizations of fund-based limit of 72.83% in the last 12 months ended March 2024.

Customer Concentration Risk

RTCPL has a high customer concentration risk with ~50 percent of its total revenue being contributed by a single reputed customer Larsen & Toubro Limited. Further, out of the total revenue, ~80 percent is from the top 5 customers which includes Larsen & Toubro Limited

(50.77%), Bharat Heavy Electricals Ltd (13.74%), Vijay Tanks & Vessels (P) Ltd (6.66%), Transformers & Rectifiers (India) Ltd (6.32%) and Thermax Babcock & Wilcox Energy Solution Ltd. (2.97%).

Rating Sensitivities

Sustenance of the growth in revenues along with improvement in profitability margins.

Any further deterioration in working capital management leading to deterioration in financials risk profile and liquidity.

Liquidity Position

Adequate

The company's liquidity position remains adequate, evidenced by sufficient net cash accruals offsetting maturing debt obligations. The net cash accruals ranged from Rs. 9.96-16.51 crore between FY 2022 and FY 2024, surpassing maturing repayment obligations during the same period. Further, it is expected to generate sufficient cash accruals ranging from Rs. 19-22 Cr. against maturing repayment obligations of Rs. 13-16.5 Cr. over the medium term. Further, fund based average limit utilisation stood moderate at 72.83% in the last 12 months ended March 2024. The current ratio marginally improved to 1.05 times on March 31, 2024 (Prov.) from 0.87 times on March 31, 2023. The cash and bank balance stood at Rs. 0.41 Cr. in FY2024 (Prov.). Acuite believes that company's liquidity position would remain adequate over the medium term on account of expected steady cash accruals.

Outlook: Stable

Acuite believes that RTCPL will maintain 'Stable' outlook over the medium term due to extensive experience of its promoters, steady growth in revenue and healthy financial risk profile. However, the outlook may be revised to 'Positive' in case the company registers expected or higher-than expected growth in revenues and profitability, overall improvement in financial risk profile and efficient working capital management. Conversely, the outlook may be revised to 'negative' in case of company's inability to achieve the expected increase in revenue and profitability or deterioration in overall financial risk profile and working capital operations leading to stretch in liquidity.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	74.11	53.49
PAT	Rs. Cr.	2.44	1.89
PAT Margin	(%)	3.30	3.53
Total Debt/Tangible Net Worth	Times	3.72	4.16
PBDIT/Interest	Times	5.08	4.98

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

None

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.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 :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.05	ACUITE A4+ Assigned
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.05	ACUITE A4+ Assigned
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.81	ACUITE A4+ Assigned
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.13	ACUITE A4+ Assigned
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.01	ACUITE A4+ Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	28.27	ACUITE BB Stable Assigned
Bank of Baroda	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.00	ACUITE BB Stable Assigned
Bank of Baroda	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Nov 2028	Simple	9.73	ACUITE BB Stable Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	07 Feb 2027	Simple	14.13	ACUITE BB Stable Assigned
ICICI Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	27 Mar 2027	Simple	9.65	ACUITE BB Stable Assigned
IDFC First Bank Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	03 Oct 2026	Simple	2.52	ACUITE BB Stable Assigned
Sundaram Finance Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Aug 2026	Simple	3.99	ACUITE BB Stable Assigned
Axis Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	20 Feb 2026	Simple	0.66	ACUITE BB Stable Assigned

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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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