



Press Release
R E INFRA PRIVATE LIMITED
October 04, 2024
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	17.00	ACUITE BBB- Stable Assigned	-
Bank Loan Ratings	44.00	-	ACUITE A3 Assigned
Total Outstanding Quantum (Rs. Cr)	61.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned its long-term rating of 'ACUITE BBB-' (read as ACUITE triple B minus) and a short-term rating of 'ACUITE A3' (read as ACUITE A three) on the Rs.61.00 Cr. bank facilities of R E Infra Private Limited. The outlook is 'Stable'.

Rationale for rating

The rating takes into cognizance long track record of operations, improvement in the business risk profile, moderate financial risk profile followed by adequate liquidity position. These strengths are however, partly offset by the working capital intensive nature of business.

About the Company

Incorporated in 2007, R E Infra Private Limited is a Mumbai based provider of infrastructure. The company is engaged in construction of roads, highways, metros, railway lines, flyovers etc. Mr. Sunil Gul Bijlani & Mr. Dharmendra Bhanudas Yadav are the directors of the company.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of R E Infra Private Limited to arrive at the rating.

Key Rating Drivers

Strengths

Experienced Promoters

The company is backed by promoters namely Mr. Sunil Bijlani, Mr. Dharmendra Bhanudas Yadav and others who have prior experience in civil construction for almost over two decades. Acuite believes that promoters experience will leverage the business coupled with healthy relations with the clientele will continue to benefit the company going forward.

Moderate Financial risk profile

The financial risk profile is moderate marked by an increase in the net worth to Rs. 78.27 Cr. as on March 31, 2024(Prov.) as compared to Rs. 72.02 Cr. as on March 31, 2023. Gearing stood at 0.21 times as on March 31, 2024(Prov.) as against 0.37 times as on March 31, 2023 and 0.31 times as on March 31, 2022. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 1.15 times as on March 31, 2024(Prov.) as compared to 1.12 times as on March 31, 2023 and 1.03 times as on March 31, 2022. The debt protection metrics is marked by Interest Coverage Ratio at 3.94 times as on March 31, 2024(Prov.) as compared to 4.08 times as on March 31, 2023 and 3.43 times as on March 31, 2022 and Debt Service Coverage Ratio at 3.30 times as on March 31,

2024(Prov.) as compared to 3.40 times as on March 31, 2023 and 3.43 times as on March 31, 2022. Net Cash Accruals/Total Debt (NCA/TD) stood at 0.46 times as on March 31, 2024(Prov.) as compared to 0.28 times as on March 31, 2023 and 0.34 times as on March 31, 2022. Acuité believes that going forward the financial risk profile will improve over the medium term.

Revenues and operating profitability:

The revenues have increased to Rs. 103.13 Cr. as on March 31, 2024(Prov.) from Rs. 99.46 Cr. as on March 31, 2023 due to orders completion in FY 23-24. The operating profitability has increased to 12.31 percent as on March 31, 2024(Prov.) from 12.20 percent as on March 31, 2023 due to completion of orders. The unexecuted order book stands at Rs. 435.69 Cr. as on March 31, 2024 which provides revenue visibility over near to medium term.

Weaknesses

Intensive working capital management

The intensive working capital management is marked by Gross Current Assets (GCA) of 369 days as on March 31, 2024(Prov.) as compared to 308 days as on March 31, 2023, and 350 days as on March 31, 2022. The debtor days stands at 115 days as on March 31, 2024(Prov.) as compared to 167 days as on March 31, 2023, and 141 days as on March 31, 2022. Furthermore, the inventory days decreased to 19 days as on March 31, 2024(Prov.) as compared to 20 days as on March 31, 2023 and 13 days as on March 31, 2022. The other current assets stands at Rs. 63.49 Cr. as on March 31, 2024(Prov.) as compared to Rs. 44.14 Cr. as on March 31, 2023. The creditor days decreased to 103 days as on March 31, 2024(Prov.) from 110 days as on March 31, 2023 and 148 days as on March 31, 2022. Acuité believes that going forward the working capital operations of the company will remain intensive over the medium term.

Rating Sensitivities

- Improvement in revenues while maintaining operating profitability
- Elongation of working capital cycle

Liquidity Position

Adequate

The liquidity is adequate marked by net cash accruals of Rs. 7.43 Cr. as on March 31, 2024(Prov.) as compared to Rs. 7.34 Cr. as on March 31, 2023. The cash and bank balances stood at Rs. 3.57 Cr. as on March 31, 2024(Prov.). The current ratio stood at 1.38 times as on March 31, 2024(Prov.) as compared to 1.36 times as on March 31, 2023 and 1.45 times as on March 31, 2022. The average bank limit utilization stood at 55 percent over the last six months ended, May 2024. Acuité believes that going forward the liquidity position of the company will remain adequate in the absence of any major debt funded capex plan.

Outlook: Stable

Acuité believes that R E Infra Private Limited will continue to maintain a 'stable' outlook over the medium term due to its experienced management and established track record along with moderate order book position. The outlook may be revised to 'Positive', in case of higher than-expected revenues and profitability, while maintaining its capital structure and improving its working capital cycle days. Conversely, the outlook may be revised to 'Negative' in case R E Infra Private Limited registers lower-than-expected revenues and profitability or any further stretch in its working capital requirement leads to deterioration of its financial risk profile and liquidity.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	103.13	99.46
PAT	Rs. Cr.	6.25	6.23
PAT Margin	(%)	6.06	6.26
Total Debt/Tangible Net Worth	Times	0.21	0.37
PBDIT/Interest	Times	3.94	4.08

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

BWR, vide its press release dated June 10, 2024 had denoted the rating of R E Infra Private Limited as 'BWR B+/Stable/A4; ISSUER NOT COOPERATING'.

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, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.00	Simple	ACUITE A3 Assigned
Punjab National Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE A3 Assigned
Union Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	9.00	Simple	ACUITE A3 Assigned
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE BBB- Stable Assigned
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE BBB- Stable Assigned
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.00	Simple	ACUITE BBB- Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Bank Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A3 Assigned
Not Applicable	Not avl. / Not appl.	Proposed Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE BBB- 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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