



Press Release

RamJi Das Dhal Construction Private Limited

September 10, 2021

Ratings

Facility	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facility	5.00	IVR BBB-/ Stable (IVR triple B minus with Stable Outlook)	Assigned
Short Term Bank Facility	45.00	IVR A3 (IVR A three)	Assigned
Total	50.00 (Fifty)		

Details of facilities are in Annexure 1

Detailed Rationale

The ratings assigned to bank facilities of RamJi Das Dhal Construction Private Limited (RDDCPL) considers experienced promoters with established track record of operations, reputed clientele leading to low counterparty risk, comfortable risk profile, and satisfactory working capital management. However, rating is constrained on account of relatively modest scale of operations coupled with low order book position, high client and geographical concentration risk and fragmented and highly competitive nature of the industry.

Key Rating Sensitivities:

Upward Factor:

- Timely execution of pending orders, which will lead to a sustained growth in its top line along with cash accruals.

Downward Factor:

- Delay in order execution leads to a significant decline in its revenue and/or profitability thereby impacting the debt coverage indicators and/or any deterioration in the financial risk profile.
- Any significant rise in working capital intensity or unplanned capex leading to a deterioration in the liquidity position.



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Detailed Description of Key Rating Drivers

Key Rating Strengths

- **Experienced promoters with established track record of operations**

The company was incorporated in 1998. It is engaged in civil construction business for more than two decades. Long experience of RDDCPL's promoters and its established track record of operations strengthens the operational risk profile of the company. The company has executed several projects for various government and semi-government departments in the past. The company's day-to-day operations are looked after by Mr. Sumit Dhal, along with a team of experienced professionals.

- **Reputed client profile, leading to low counterparty risk**

The company has a reputed client base, which includes reputed players. A reputed client base reduces the counterparty risk to a large extent.

- **Comfortable financial risk profile**

The financial risk profile of the company is comfortable marked by satisfactory tangible net worth of Rs. 27.96 crore as on March 31, 2021 (provisional) as against Rs. 20.50 crore as on March 31, 2020. The overall gearing stood conservative at 0.08x in FY2021 (provisional) as against 0.53x in FY2020. The interest coverage indicator stood at a comfortable level of 6.47 times in FY2021 (provisional) as against 3.24 times in FY2020. The debt protection metrics is above average marked by DSCR of 12.18x in FY2021 (provisional) as against 4.92x in FY2020. TOL/TNW stands at 1.36x in FY2021 (provisional) as against 0.95x in FY2020.

- **Satisfactory working capital management**

The company has prudently managed its working capital requirements and maintained its working capital cycle around 5 days during FY2020. Further, the average utilisation of its working capital remained at ~50% during the past 12 months ended July 2021.



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Key Rating Weaknesses

- **Relatively modest scale of operations coupled low order book position**

The company's scale of operations continues to remain relatively small, notwithstanding an increase to Rs. 125.80 crore in FY2021 (provisional) from Rs. 41.29 crore in FY2020, registering a significant YoY growth primarily on account of timely execution of the awarded contracts. Moreover, the order book position of the company stood low at Rs. 95.18 crore as on August 23, 2021, which is 0.76x of FY2021 (provisional) revenues. However, the company has submitted bids of ~Rs. 170 crore recently, and are hopeful of bagging the contracts, which will ensure revenue visibility in the near to medium term.

- **High client and geographical concentration risks**

The company has high client concentration risk, with majority of revenues and order book contributed by few clients which depicts high client concentration risk. Moreover, the company's entire revenues and the current order book are concentrated in Madhya Pradesh and Uttar Pradesh, which depicts high geographical concentration risk as well.

- **Fragmented and highly competitive nature of the industry**

Small and medium-sized civil construction projects lead to low entry barriers and allow many players to enter this sector, thus intensifying competition. As contracts are awarded to the L1 bidder, margins remain under pressure..

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Infrastructure Companies

Financial Ratios & Interpretation (Non-Financial Sector)

Liquidity - Adequate

The liquidity position of the company is adequate marked by its expected gross cash accruals as against debt obligations during FY2022-FY2024. Further, the company has no planned



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capex or addition of further long-term debt, which imparts comfort. During last 12 months ending in March 2021, average utilisation of bank borrowing was around ~50% indicating a adequate liquidity buffer.

About the Company

Incorporated in 1998, RamJi Das Dhal Construction Private Limited (RDDCPL), with its registered office in Agra is an approved super-special-class contractor for Military Engineering Services (MES) in Madhya Pradesh and Uttar Pradesh region. It secures contract work through open tendering process of MES. The company specializes in civil and structural contracts including accommodation, military hospitals, military colleges and technical buildings, among others. The company is promoted by Mr. Sumit Dhal and his wife Mrs. Hina Dhal.

Financials (Standalone)

For the year ended* / As on	INR in Crore	
	31-Mar-20 (A)	31-Mar-21 (Provisional)
Total Operating Income	41.29	125.80
EBITDA	4.44	10.84
PAT	2.87	7.45
Total Debt	10.89	2.38
Tangible Net Worth	20.50	27.96
EBIDTA Margin (%)	10.75	8.62
PAT Margin (%)	6.69	5.86
Overall Gearing ratio (x)	0.53	0.08

**Classification as per Infomerics' standards*

Details of Non-Co-operation with any other CRA:

ACUITE Ratings has moved the ratings of RDDCPL into the Issuer Non-Cooperating category as the company did not co-operate in the rating procedure despite repeated follow ups as per the Press Release dated January 18, 2021.

Any other information: N.A.



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Rating History for last three years:

Sr. No.	Name of Instrument / Facility	Current Rating (Year: 2021-22)			Rating History for the past 3 years		
		Type	Amount outstanding (INR Crore)	Rating	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19
1.	Cash Credit	Long Term	5.00	IVR BBB-/ Stable	-	-	-
2.	Bank Guarantee	Short Term	45.00	IVR A3	-	-	-

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine-tune its product offerings to best suit the market.

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of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/IRR	Maturity Date	Size of Facility (INR Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	5.00	IVR BBB-/ Stable
Bank Guarantee	-	-	-	45.00	IVR A3

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/RamJi-Das-10sept21.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 5: Complexity level of the rated Instruments/Facilities

Sr No.	Instrument	Complexity Indicator
1.	Cash Credit	Simple
2.	Bank Guarantee	Simple

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.