

## Radhakishan Infra Developers Private Limited

February 07, 2024

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	25.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	Revised from CARE BBB-; Stable and moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	92.60	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*	Revised from CARE BBB-; Stable / CARE A3 and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Radhakishan Infra Developers Private Limited (RIDPL) to monitor the rating(s) vide e-mail communications dated November 03, 2023, November 20, 2023, December 12, 2023, January 04, 2024, January 29, 2024 among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. Further, the ratings on RRHPL's bank facilities will now be denoted as **CARE BB+ / CARE A4+; ISSUER NOT COOPERATING\***.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).**

The ratings have been revised on account of non-availability of requisite information to conduct the rating review. The revision in ratings also factors in stretched liquidity position of the company on account of higher than envisaged equity infusion by RIDPL towards its two on-going HAM projects till March 31, 2023.

The ratings assigned to the bank facilities of RIDPL remains constrained on account of RIDPL's leveraged capital structure, its presence in an intensely competitive and fragmented construction sector with tender-based nature of operations along with geographical, segmental and client concentration in its order book. The ratings also factor execution risk associated with two under-construction HAM projects in its majority owned special purpose vehicle (SPVs).

The above ratings, however, continues to derive strength from vast experience of its promoters in the construction industry with an established track record of more than two decades in execution of road construction projects and healthy order book position from strong counterparties with presence of price escalation clause. The ratings also take cognisance of significant growth in RIDPL's scale of operations and improvement in profitability during FY23 (FY refers to period from April 01 to March 31) and moderate debt coverage indicators.

**Analytical approach:** CARE has analysed credit profile of RIDPL by considering its standalone financials while factoring corporate guarantee extended by RIDPL to its SPV's. Equity commitment of under construction SPVs and support required during their operational phase has also been factored in the analysis of RIDPL.

**Outlook:** Stable

### Detailed description of the key rating drivers:

At the time of last rating on January 06, 2023, the following were the rating strengths and weaknesses (updated for the information available i.e. Audited financial statements for the period ended on March 31, 2023, as provided by the company).

### Key weaknesses

#### Execution risks associated with its under-construction HAM projects

RIDPL is exposed to execution risk associated with its two under-construction HAM projects in its SPVs. Total cost of the projects is around Rs.467 crore, to be funded by govt grant (50%), debt (~35%) and balance through promoter contribution. While equity infusion for the projects was initially envisaged only to the extent of RIDPL's shareholding, RIDPL has already invested entire equity requirement (Rs.66.67 crore) till March 31, 2023.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

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Both the projects have received the appointed date and Scheduled Commercial Operations Date (SCOD) for Radhakishan Tollways Private Limited (RTPL; rated CARE BB; Stable; INC / CARE A4; INC) and Ramseen Raniwara Highways Private Limited (RRHPL; rated CARE BB; Stable; INC / CARE A4; INC) was January 2024 and May 2024 respectively.

Execution of the projects has been slower than envisaged and may require extension of time from the concessionaire, exposing RIDPL to project execution risk.

### **Leveraged capital structure**

The capital structure of RIDPL, although improved, stood leveraged marked by an overall gearing of 2.08 times as on March 31, 2023 (FY22: 3.03x). TOL/TNW also remained high at 3.99x as on March 31, 2023. Furthermore, RIDPL has extended irrevocable and unconditional corporate guarantee for the project debt to both of its under-construction HAM projects in SPVs and accordingly the adjusted overall gearing of RIDPL is expected to remain highly leveraged in medium term.

Furthermore, as against its net worth of Rs.72.51 as on FY23 end, apart from corporate guarantee for project debt, RIDPL has already infused Rs.66.67 crore towards its equity commitment in its two majorly owned SPVs i.e. RTPL and RRHPL till March 31, 2023 for execution of the HAM projects.

### **Susceptibility of profitability to input price volatility**

RIDPL's profitability remains susceptible to volatility in prices of inputs such as bitumen, aggregates and labour. However, majority of the contracts on hand, excluding HAM projects, have in-built price escalation clause thus providing protection to the company from these risks to a certain extent.

### **Concentrated order book with limited diversity in revenue stream**

RIDPL is a mid-size regional player with concentration of its entire orderbook in a single state i.e. Rajasthan. The top 3 orders comprise around 57% of RIDPL's order book, reflecting client concentration risk. Further, company has remained focused on the road segment, (with 88% of its order book pertaining to construction of road projects), reflecting sectoral concentration risk and limited diversity in its revenue stream.

### **Presence in an intensely competitive & fragmented construction sector**

RIDPL operates in an intensely competitive construction industry with presence of large number of contractors. With low counterparty credit risk and a relatively stable payment track record of projects funded by government bodies, these EPC projects awarded by the State Government are lucrative for all the contractors and hence are highly competitive. Thus, aggressive bidding by the players limits the profitability. Additionally, continued increase in execution challenges including delays in land acquisition, regulatory clearances, aggressive bidding, interest rate risk and delays in project due to environmental clearance are other external factors that affect the credit profile of industry players.

### **Key strengths**

#### **Experienced promoters with long track record of operations**

RIDPL is promoted by Mr. Radhakishan Beniwal, who has a vast experience of around three decades in the construction industry and is instrumental in making strategic decisions for RIDPL. He is assisted by Mr. Bajrang Beniwal who looks after day to day operations and overall administration of the company. The promoters are ably supported by team of experienced professionals for project planning, execution, and other business operations of the company.

#### **Substantial growth in RIDPL's scale of operations alongwith improvement in its profitability**

RIDPL's TOI grew by around 38% on a y-o-y basis to Rs.504.34 crore during FY23 as against Rs.364.72 crore in FY22. PBILDT margin of the company improved by 189 bps to 14.64% during FY23 (FY22: 12.75%) owing to savings in raw material cost and better absorption of fixed costs owing to economies of scale. In line with the operating margin, PAT margin also improved to 6.24% during FY23 (FY22: 4.12%).

#### **Moderate debt coverage indicators**

The debt coverage indicators of the company remained moderate marked by PBILDT interest coverage and total debt to GCA (TD/GCA) of 6.31x (PY:4.13x) and 3.11x (PY:3.75x) respectively. The improvement in debt coverage indicators was on account of growth in its scale of operations and profitability leading to increase in GCA levels and lower than proportionate increase in interest costs, when compared with increase in its TOI.

#### **Healthy order book position**

As on November 30, 2022, RIDPL had a healthy order book of Rs.928.40 crore, including EPC contract of two HAM projects.

## Applicable criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Factoring Linkages Parent Sub JV Group](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Construction](#)

## About the company and industry

### Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Industrials	Construction	Construction	Civil Construction

Incorporated in April 2019, Radhakishan Infra Developers Private Limited (RIDPL) took over the existing business of Radhakishan (RK). RIDPL was established as a proprietorship concern in 1998 and is engaged in the business of civil construction with major focus on construction of roads for both Government department and private client on sub-contract basis. RIDPL is promoted by Mr. Radha Kishan Beniwal, who has an experience of 30 years in civil construction industry. RIDPL is registered as an 'AA' class (highest in the scale of AA to E) contractor with Public Works Department, Rajasthan (PWD). It also receives orders on subcontract basis from other registered contractors.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)
Total operating income	364.72	504.34
PBILDT	46.49	73.83
PAT	15.03	31.48
Overall gearing (times)	3.03	2.08
Interest coverage (times)	4.13	6.31

A: Audited; Note: 'the above results are latest financial results available'

**Status of non-cooperation with previous CRA:** None

**Any other information:** Not Applicable

**Rating history for last three years:** Please refer Annexure-2

**Covenants of rated instrument / facility:** Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of various instruments rated:** Annexure-4

**Lender details:** Annexure-5

### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	25.00	CARE BB+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT/ST-Bank Guarantee		-	-	-	92.60	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on best available information.

**Annexure-2: Rating history for the last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST *	92.60	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING *	-	1)CARE BBB-; Stable / CARE A3 (06-Jan-23) 2)CARE BBB; Stable / CARE A3 (06-Jul-22)	1)CARE BBB-; Stable / CARE A3 (18-Jan-22)	-
2	Fund-based - LT-Cash Credit	LT	25.00	CARE BB+; Stable; ISSUER NOT COOPERATING *	-	1)CARE BBB-; Stable (06-Jan-23) 2)CARE BBB; Stable (06-Jul-22)	1)CARE BBB-; Stable (18-Jan-22)	-

\*Issuer did not cooperate; based on best available information.

\*Long term/Short term.

**Annexure-3: Detailed explanation of covenants of the rated instruments/facilities:** Not Applicable**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - LT/ ST-Bank Guarantee	Simple

**Annexure-5: Lender details**

To view the lender wise details of bank facilities please [click here](#)

**Note on the complexity levels of the rated instruments:** CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

### Contact us

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### About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

### Disclaimer:

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