

Rambaran Singh Apex Private Limited

March 20, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	4.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	31.00	CARE A4+; ISSUER NOT COOPERATING*	Rating 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 Rambaran Singh Apex Private Limited (RSAPL) to monitor the rating vide email communications dated February 22, 2024 ; February 06, 2024 ; January 11, 2024, 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, RSAPL has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on RSAPL's bank facilities will now be denoted as CARE BB+; Stable/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.

The rating has been revised on account of non-availability of adequate information thereby leading to uncertainty around credit risk of the company.

The rating assigned to bank facilities of RSAPL continues to remain constrained by small scale of operations with modest profitability margins, volatility in prices of input materials, working capital intensive nature of operation and intensely competitive industry. However, the ratings continue to derive strength from long track record of operations and experienced promoters, comfortable capital structure and debt coverage indicators along with healthy order book position and reputed clientele.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers:

At the time of last rating on March 03, 2023, the following were the rating strengths and weaknesses (updated for the information available from ministry of corporate affairs):

Key weaknesses

Small scale of operations with modest profitability margins

The company has witnessed improvement in TOI by ~23% to Rs.121.32 crore in FY22 as against Rs. 98.72 crore in FY21 on the back of higher execution of work orders, however; the scale of operations continued to remain small. The small size restricts the financial flexibility of the company in times of stress and deprives it from benefits of economies of scale. Despite increase in TOI, the PBILDT margins moderated to 8.48% in FY22 vis-à-vis 9.19% in FY21 majorly due to increase in input costs.

During FY23, the company recorded total turnover of Rs 129.68 crore while PBILTD margin remained at a similar level of 8.21%.

Volatility in prices of input materials

Since its inception, the company has been engaged in civil and mechanical engineering services and prices of the input materials is highly volatile. Majority of the contracts executed by the company does not contain price escalation clause to safe guard against volatile input material price; therefore, it remains exposed to volatility in input prices. This apart, even though the company is present in highly labour intensive industry, it does not enter into any agreement with contractors to safeguard its margins against any increase in labour prices and thus remains susceptible to the same.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Working capital intensive nature of operations

The company mainly executes orders of public sector units and the state government of Bihar and accordingly it is required to extend higher credit to its clients apart from giving security deposits and retention money. Accordingly, the average collection period remains on the higher side thereby leading to long working capital cycle. Further, the requirement of non-fund-based limits remains high on account of requirement of performance and financial bank guarantee for project bidding.

Intensely competitive industry

RSAPL faces stiff competition from the organized as well as unorganized players in the industry. This apart, the company faces tough competition from various regional and local players with unorganized industry being highly fragmented. Highly competitive pressure limits the pricing flexibility of the industry participants which induces pressure on profitability.

Key strengths

Long track record of operation and experienced promoters

RSAPL is into civil and mechanical engineering services business since 1983 and thus has around four decades of long track record of operations. The key promoter; Mr. Ram Baran Singh has around five decades of experience in the same line of the business; looks after the overall operation of the company. He is supported by the other promoters Mr. Prashant Kumar, Mr Basant Kumar and Mr. Anant Kumar who also have more than a decade of experience in construction industry.

Comfortable capital structure and debt coverage indicators

The capital structure of the company remained comfortable marked by overall gearing ratio of 0.19x as on March 31, 2022, vis-à-vis 0.24x as on March 31, 2021. The improvement was on account of accretion of profits to reserve. Further, TD/GCA has also improved from 0.77x in FY21 to 0.66x in FY22 on the back of increase in cash profits. In addition, PBILDT interest coverage ratio has improved to 15.64x in FY22 as against 7.93x in FY21 mainly on account of decrease in interest cost.

As on March 31, 2023, the overall gearing of RSAPL stood at 0.14x. The debt protection matrices also improved with TD/GCA of 0.58x and PBILTD interest coverage ratio of 24.72x.

Healthy order book position and reputed clients

The company has an unexecuted order book position of ~Rs.433.34 crore (3.57x of TOI of FY22) as on Feb 01, 2023, which is to be executed in a span of 1.5-2 years thereby providing revenue visibility in the near to medium term. This apart, the customer profile of the company majorly comprises reputed public sector undertakings which mitigates counterparty credit risk to a large extent.

Applicable criteria

[Policy in respect of non-cooperation by issuers](#)

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

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

Rambaran Singh Apex Private Limited (RSAPL) was initially established as a partnership firm in the name of 'Rambaran Singh' in the year 1983 by Mr. Ram Baran Singh and his son Mr. Prashant Kumar. Later in October 2017, it was converted into private limited company and the name changed to the current one. Since its inception, the company has been engaged in civil and mechanical engineering services like installation of power pipelines, railway works, construction of roads, building, water ways and water reservoirs etc. RSAPL is classified as 'Class A' contractor by the Bihar Government which enables it to participate in higher value contracts. RSAPL secures work contracts through tender and executes order mainly for public sector units and also various departments of Bihar State Government. The key promoter, Mr. Ram Baran Singh looks after the overall operation of the

company. He is support by the other promoter Mr. Prashant Kumar, Mr Basant Kumar and Mr. Anant Kumar who are also having more than a decade of experience in civil construction industry.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)
Total operating income	120.87	129.68
PBILDT	9.83	10.64
PAT	6.15	6.61
Overall gearing (times)	0.19	0.14
Interest coverage (times)	14.95	24.72

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

Status of non-cooperation with previous CRA: Not Applicable.

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		-	-	-	4.00	CARE BB+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee		-	-	-	31.00	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	Fund-based - LT-Cash Credit	LT	4.00	CARE BB+; Stable; ISSUER NOT COOPERATING *	-	1)CARE BB+; Stable (03-Mar-23)	1)CARE BB+; Stable (24-Mar-22) 2)CARE BB+; Stable (12-Apr-21)	1)CARE BB-; Stable; ISSUER NOT COOPERATING * (15-Jan-21)
2	Non-fund-based - ST-Bank Guarantee	ST	31.00	CARE A4+; ISSUER NOT COOPERATING *	-	1)CARE A4+ (03-Mar-23)	1)CARE A4+ (24-Mar-22) 2)CARE A4+ (12-Apr-21)	1)CARE A4; ISSUER NOT COOPERATING * (15-Jan-21)

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

LT: Long term; ST: 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 - 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.

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About us:

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