

R B S Candiaparcarr

September 20, 2024

Facilities	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	20.09	CARE BB; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB+; Stable and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	16.00	CARE A4; ISSUER NOT COOPERATING*	Downgraded from CARE A4+ and moved to ISSUER NOT COOPERATING category

Details of 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 R B S Candiaparcarr (RBS) to monitor the rating(s) vide e-mail communications dated August 29, 2024, July 02, 2024, among others and numerous phone calls. However, despite our repeated requests, the firm 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. The rating on RBS'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(s).

The rating has been revised on account of non-availability of the requisite information to conduct the rating review.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on October 09, 2023, the following were the rating strengths and weaknesses:

Key weaknesses

Moderate scale of operations and net worth base; albeit improvement witnessed in FY23.

The Total Operating Income (TOI) of the company significantly increased by more than 50% to Rs. 78 crore in FY23 as against Rs. 52 crores for FY22. The improvement in scale of operations was on account of better execution of orders. During Q1FY24 the company has booked a TOI of around Rs. 30 crores as against TOI of Rs.12.85 crore Q1FY23. Despite improvement, the scale remains modest. Further, the net worth base of the company continue to remain modest at Rs. 25.70 crore as on March 31, 2023, coupled with moderate scale of operations, restricting the financial viability required to bid and secure larger value projects.

Partnership nature of its constitution:

Being a partnership concern, RBS has an inherent risk of withdrawal of partner's capital at the time of personal contingency. Furthermore, it restricts access to external borrowings where net worth as well as creditworthiness of the promoter are the key factors affecting credit decision of the lenders. Hence, limited funding avenues along with limited financial flexibility have resulted in moderate scale of operations for the firm. During FY23, partners withdrew Rs. 2.43 crore for personal expenses.

Moderate and concentrated order book position

RBS had an unexecuted order book of Rs.93.95 crore as on August 31, 2023, pegging orderbook to sales ratio of 1.22x times TOI of FY23 (vis-a-vis outstanding orders Rs. 170.65 crore pegging orderbook to sales ratio of 3.29 times TOI of FY22 as on August 31, 2022). The outstanding orderbook provides medium term revenue visibility for FY23. Apart from the above, the entity also has continuing orders from 2 customers for phase II amounting to Rs. 75 crores, which are at finalisation stage. However, the outstanding orderbook is highly concentrated with orders amounting to around 48% of the outstanding orderbook position from 2 customers.

Geographical concentration with operations confined to Goa region:

RBS is a local contractor, with operations confined to the Goa region. All the projects completed in the last 7 years have been from Goa region. Also, the complete order book of RBS pertains to projects in Goa. As the firm undertakes contracts primarily in Goa, thus exposing it to geographical concentration risk.

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

Moderate capital structure and debt coverage indicators:

The capital structure of the firm remained moderate marked by overall gearing of 1.04x as on March 31, 2023 as against 1.13x as on March 31, 2022, mainly led by accretion to profits to networth. With interest cost remaining stable and improved PBILDT in absolute terms the interest coverage improved to 3.39x as on March 31, 2023 as against 2.80x as on March 31, 2022. Led by improved GCA, the Total debt to GCA improved to 4.72x as on March 31, 2023 as against 6.65x as on March 31, 2022.

Presence in highly fragmented, competitive, and tender driven nature of business:

The construction sector in India is highly fragmented with a large number of small and mid-sized players. Hence going forward, due to increasing level of competition, the profit margins are likely to be range bound. RBS operates in tender-based environment which is characterized by intense competition and fragmented nature of industry resulting in moderate operating profit margins for the company. The industry is highly competitive with major presence of well-established domestic players and unorganized segment of civil construction contractors. Also, the company is also highly dependent on the development projects undertaken by government customers which is highly influenced by budgetary allocation etc.

Key strengths

Long and established operational track record in construction business along with experienced promoters.

R.B.S. Candiaparc (RBS) was established in the year 1964 as a partnership firm by Mr. Raghuvir Khandeparkar and Mr. Achuyut Khandeparkar. Currently, the firm is managed by 2nd generation family members namely Mr. Arvind P. S. Khandeparkar, Mr. Paresh Khandeparkar and Mr. Yogesh A Khandeparkar. The promoters have an average industry experience of over two decades translating into long standing relationships with the customers and suppliers.

Stable profitability margins year-on-year.

Despite Increase in TOI, the PBILDT margin of the firm slightly deteriorated from 11.94% for FY22 to 10.17% for FY23. This is due to increased reliance of entity on sub-contracting in FY23. The improvement of TOI was on account receiving more orders and executing the same on timely basis. The profit margins of the company are subject to change in order mix and variation in material consumption, work expenditure and labour charges etc. Also, the PAT margins remained stable at 4.80% in FY23 as against 5.45% in FY22.

Association with reputed and longstanding customers translating in to repeat orders:

Over the years, RBS has established itself in the construction segment of Goa. The firm has been able to attract clients like Bosch Limited, Sesa Goa Limited, Procter & Gamble Health Limited, Goa Tourism Development Corporation Ltd and Goa Institute of Management etc. Apart from this, the firm has been regularly executing projects for various departments of Goa Government. The long-term association with such entities the company has been able to get repeat orders from them.

All the contracts undertaken by the entity have built in price variation clauses for raw materials like steel and cement which comprises 60% of the raw material prices. This mitigates the risk arising out of adverse movement in raw material price and labour cost to an extent. As the escalation basket does not totally reflect the incremental cost, delayed projects might lead to an increase in cost.

Continually growing asset base with some reliance on sub-contracting.

The entity has been regularly developing its asset base and has added assets worth Rs. 6.77 crores during FY23 with an aim to be independent for contracting purpose. The firm generally does not dependent on sub-contracting and has been executing the projects using its own resources since inception. Equipment like crushers and quarries, also if they need some heavy equipment's for that they have tie-ups with some of the old companies which have presence of more than 15-20 years in Goa itself. However, from FY23 onwards, company has started sub-contracting. Sub-contracting cost for FY23 stands at Rs. 26.37 crores.

Applicable criteria

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

[Rating Outlook and Rating Watch](#)

[Definition of Default](#)

[Financial Ratios – Non financial Sector](#)

[Construction](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

R.B.S. Candiaparc (RBS) was established in the year 1964 as a partnership firm by Mr. Raghuvir Khandeparkar and Mr. Achuyut Khandeparkar. RBS is engaged in construction of the Reinforced Cement Concrete (RCC) frame for institutional buildings, industrial structures, residential buildings and commercial buildings. The firm is registered as "Class 1A" contractor with the Public Works

Department (PWD), Panaji Goa, by virtue of which it is eligible to undertake all types of civil work, irrespective of size within Goa. Subsequently the firm is also registered as "Class IA" contractor with Goa Government for construction of roads which defines specialization in the road and bridge construction. RBS is a regional player with its presence all over the Goa State and has executed projects for several Government, Semi Government, and public/private sector clients like PWD, Goa State Infrastructure Development Corporation, Goa Tourism Department and Corporate clients like Nestle India Limited, Siemens Limited and others.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	Q1FY24 (UA)
Total operating income	51.81	78.64	30.00
PBILDT	6.18	8.00	NA
PAT	2.83	3.76	NA
Overall gearing (times)	1.13	1.04	NA
Interest coverage (times)	2.80	3.39	NA

A: Audited UA: Unaudited NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	17.00	CARE BB; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	28-11-2026	3.09	CARE BB; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC		-	-	-	16.00	CARE A4; ISSUER NOT COOPERATING*

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

Annexure-2: Rating history for 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 2024-2025	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
1	Fund-based - LT-Cash Credit	LT	17.00	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (09-Oct-23)	1)CARE BB+; Stable (27-Dec-22) 2)CARE BB+; Stable (14-Sep-22)	1)CARE BB+; Stable (14-Sep-21)
2	Non-fund-based - ST-BG/LC	ST	16.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4+ (09-Oct-23)	1)CARE A4+ (27-Dec-22) 2)CARE A4+ (14-Sep-22)	1)CARE A4+ (14-Sep-21)
3	Fund-based - LT-Term Loan	LT	3.09	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (09-Oct-23)	1)CARE BB+; Stable (27-Dec-22)	-

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

LT: Long term; ST: Short term

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

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

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

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

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Akhil Goyal Director CARE Ratings Limited Phone: 022-67543590 E-mail: akhil.goyal@careedge.in
Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Darshan Shah Assistant Director CARE Ratings Limited Phone: 022-67543408 E-mail: Darshan.shah@careedge.in
	Abhijeet Dhakane Lead Analyst CARE Ratings Limited E-mail: Abhijeet.Dhakane@careedge.in

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:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

For detailed Rationale Report and subscription information, please visit www.careedge.in