



Rating Rationale

RCC Developers Limited

21 April 2017

Brickwork ratings reaffirms the long term ratings and revises the short term ratings for the bank loan facilities of Rs. 137.00 Cr. of RCC Developers Limited.

Particulars

Facility Rated	Amount (Rs. Cr)		Tenure	Rating *	
	Previous	Present		Previous	Present
Fund Based Cash Credit	27.00	27.00	Long Term	BWR BBB (Pronounced as BWR Triple B) Outlook: Stable	BWR BBB (Pronounced as BWR Triple B) Outlook: Stable Reaffirmed
Non Fund based Letter of Credit	80.00	110.00	Short Term	BWR A3+ (Pronounced as BWR A Three Plus)	BWR A2 (Pronounced as BWR A Two) Upgraded
Total	107.00	137.00	INR One Hundred Thirty Seven Crore Only.		

^ Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rating Reaffirmed/ Upgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results up to FY16, 9M FY17 provisional financials, projected financials for FY17 and FY18, publicly available information and information/clarifications provided by the company.

The ratings assigned factor in the year-on-year growth in total operating income, strength of promoters' experience in the business, long track record of the company, reputed clientele, healthy order book position and strong debt protection metrics. However, the ratings are constrained by stiff competition in the industry and risks associated with the timely execution of ongoing projects, and regulatory risks.. Going forward the ability of the company to sustain the revenue growth and profitability margins achieved, to manage operating capital cycle at current levels and to execute ongoing projects timely will remain key rating sensitivities

Rating Outlook: Stable

BWR believes that RCC Developers Limited's business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company:

The Company was initially established as Raj Constructions in 1977 as a proprietorship firm by Mr. Brij Mohan Sharma. The firm was then incorporated into a private limited company in 2000, and renamed as RCC Developers Private Limited. In July 2010, the company was converted into a public limited company as RCC Developers Limited (RCC). RCC is involved in road construction, execution, improvement and civil construction work in India and other parts of the world for railways, tramways, airways, docks, harbours amongst other.

Company Financial Performance

RCC reported Total Operating Income of Rs. 423.15 Cr in FY16, as against Rs. 332.57 Cr in FY15. Net Margin was 2.13 % for FY16 as against 1.67% in FY15.

Rating History for the last three years:

Sl. No.	Facility	Current Rating (January 2017)			Rating History		
		Type	Amount (Rs Cr)	Rating	Rating Assigned in 2016	Rating Assigned in 2015	Rating Assigned in 2014
1	Cash credit	Long Term	27.00	BWR BBB	BWR BBB	NA	BWR BBB-
2	Letter of Credit	Short Term	110.00	BWR A2	BWR A3+	NA	BWR A3

Hyperlink/Reference to applicable Criteria:

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)



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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.