



SMERA RATINGS LIMITED

RPS Infrastructure Limited (RPS)**Rating
Rationale****August 25, 2014**

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	100.00	SMERA B+/Stable (Assigned)
Bank Guarantee	48.40	SMERA A4 (Assigned)
Proposed Bank Guarantee	1.60	SMERA A4 (Assigned)

SMERA has assigned ratings of '**SMERA B+**' (read as **SMERA single B plus**) to the long-term (fund based) bank facilities and '**SMERA A4**' (read as **SMERA single A four**) to the short-term (non-fund based) bank facilities of RPS Infrastructure Limited (RPS). The outlook is '**Stable**'. The ratings are constrained by the company's exposure to intense competition in the real estate sector. The ratings are also constrained by the company's exposure to project saleability risk amidst slowdown in the real estate sector. The ratings factor in risks associated with the geographic concentration of the company's operations. However, the ratings are supported by the company's experienced management, healthy net profit margin and moderate financial risk profile. The ratings are further supported by the advanced stage of execution of the company's ongoing project.

RPS, incorporated in 2005, is a Faridabad-based real estate company engaged in developing integrated residential and commercial properties. RPS faces intense competition from several ongoing real estate projects (undertaken by various reputed builders, including SRS group, Ansal Group and Puri Constructions) in Faridabad. The company is exposed to project saleability risk, which is intensified by the current slowdown in the real estate sector. RPS is also exposed to geographic concentration risk as all of the company's projects are located in the Faridabad region.

RPS benefits from its experienced management. The company's promoters have around two decades of experienced in the real estate sector. RPS reported healthy net profit margin of 4.79 per cent in FY2012-13 (refers to financial year, April 01 to March 31). The company has strong debt protection metrics, as reflected in leverage (debt-to-equity ratio) of 1.60 times as on March 31, 2013 and interest coverage ratio of 11.86 times in FY2012-13.

RPS is currently developing a 7.58-acre IT Park (named RPS Infinia) in Faridabad, Haryana. The company has completed ~63 per cent development of the aforementioned project. RPS registered moderate booking levels of ~51 per cent in RPS Infinia.

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**Outlook: Stable**

SMERA believes RPS will maintain a stable business risk profile over the medium term on the back of the healthy booking levels registered in the ongoing project. Moreover, the company will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the company generates steady cash flows from timely receipt of customer advances. Conversely, the outlook may be revised to 'Negative' in case the company faces liquidity pressures arising from delays in project execution and receipt of customer advances.

About the project

RPS is developing an IT Park named RPS Infinia, which is spread over 7.58 acres of land in Faridabad, Haryana. The company has completed ~63 per cent development of the project. RPS registered moderate booking levels (of ~51 per cent) in RPS Infinia.

About the company

RPS, incorporated in 2005, is a Faridabad-based real estate company. RPS is engaged in developing integrated residential and commercial properties.

For FY2012–13, RPS reported net profit of Rs.5.77 crore on total income of Rs.120.43 crore, as compared with net profit of Rs.4.84 crore on total income of Rs.100.12 crore for FY2011–12. The company registered revenue of Rs.134.55 crore (provisional) during April 2013 to March 2014. RPS's net worth stood at Rs.84.91 crore as on March 31, 2013, as compared with Rs.79.14 crore a year earlier.

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