

October 08, 2013

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	0.85	SMERA BBB/Stable (Assigned)
Cash Credit	1.20	SMERA BBB/Stable (Assigned)
Bank Guarantee	8.00	SMERA A3+ (Assigned)

SMERA has assigned ratings of **‘SMERA BBB’ (read as SMERA Triple B)** and **‘SMERA A3+’ (read as SMERA A Three Plus)** to the Rs.10.05 crore bank facilities of RE Rogers India Pvt. Ltd. (RERIPL). The outlook is **‘Stable’**. The ratings are supported by the company’s experienced management, long and established track record of operations and strong relationships with reputed customers. The ratings are further supported by the company’s comfortable financial risk profile marked by low leverage and high coverage indicators. However, the ratings are constrained by the company’s small scale of operations in a highly competitive and fragmented logistics industry.

RERIPL, established in 1986, is a Delhi-based company engaged in providing logistics services for exhibitions and sports events. The company caters to reputed customers based in India and abroad. RERIPL is also a freight forwarder for all major events organized by the Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce and Industry (FICCI), Indian Electrical and Electronics Manufacturers Association (IEEMA), Indian Machine Tools Manufacturers’ Association (IMTMA) and Plast India Foundation. Mr. Ravinder Sethi, Mr. Raj Sharma and Mrs. Kiran Sethi, Promoters of RERIPL, have over three decades of experience in the company’s line of business. RERIPL registered revenue CAGR of 20 per cent over FY2009–10 (refers to financial year, April 01 to March 31) to FY2012–13. The company has a comfortable capital structure with total debt-to-equity ratio at 0.07 times as on March 31, 2013 and DSCR of 27.02 times in FY2012–13. The company’s overall leverage reduced from 1.92 times as on March 31, 2012 to 0.87 times as on March 31, 2013. RERIPL has a strong interest coverage ratio of 50.49 times in FY2012–13 as compared with 36.98 times in FY2011–12. The company has pending orders of about Rs.50.00 crore, which are likely to be executed over the next one year.

RERIPL’s operations are working capital-intensive. The company has a stretched receivables period of 113 days in FY2012–13. Moreover, with larger contracts and increasing revenues, the company may require additional working capital funds, which could impact the overall leverage.

RERIPL operates in a highly competitive and fragmented industry characterized by the presence of several large and small players. Despite healthy growth in revenues over the past three years, the company’s operations continue to remain modest with total income at Rs.60.09 crore in FY2012–13 as compared with Rs.48.46 crore in FY2011–12.

SMERA believes that RERIPL’s ability to maintain growth in revenues without compromising on the debt protection and profitability metrics will remain a key rating sensitivity.

SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.



RE Rogers India Pvt. Ltd. (RERIPL)

Rating Rationale

Outlook: Stable

SMERA believes the outlook on RERIPL's rated facilities will remain stable over the medium term on the back of the company's strong order book. The outlook may be revised to 'Negative' in case the company avails further debt, which may affect the overall leverage. The outlook may be revised to 'Positive' in case the company generates larger-than-expected cash flows with increase in scale of operations.

About the company

RERIPL, incorporated in 1986, is a Delhi-based event management company specializing in providing logistics services for exhibitions and sports events.

For FY2012-13, RERIPL reported profit after tax of Rs.5.94 crore on net sales of Rs.60.09 crore as compared with profit after tax of Rs.5.70 crore on net sales of Rs.48.46 crore for FY2011-12. RERIPL's net worth stood at Rs.19.12 crore as on March 31, 2013.

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RE Rogers India Pvt. Ltd. (RERIPL)

Rating Rationale

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