

November 10, 2014

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	0.69	SMERA BBB/Stable (Reaffirmed)
Cash Credit	1.20	SMERA BBB/Stable (Reaffirmed)
Bank Guarantee	8.00	SMERA A3+ (Reaffirmed)

SMERA has reaffirmed ratings of '**SMERA BBB**' (read as **SMERA triple B**) on the Rs.1.89 crore long-term bank facilities and '**SMERA A3+**' (read as **SMERA A three plus**) on the Rs.8.00 crore bank facility of RE Rogers India Pvt. Ltd. (RERIPL). The outlook is '**Stable**'. The ratings continue to derive support from the company's established track record of operations, experienced management and strong relations with reputed customers. The ratings are further supported by the company's comfortable financial risk profile. However, the ratings remain constrained by the company's small scale of operations in a highly competitive and fragmented segment of the event logistics sector.

### Update

RERIPL's operating income has increased from Rs.58.89 crore in FY2012–13 (refers to financial year, April 01 to March 31) to Rs.63.80 crore in FY2013–14. There were no major changes in the company's capital structure in FY2013–14.

RERIPL benefits from its experienced management. Mr. Ravinder Sethi, Mr. Raj Sharma and Mrs. Kiran Sethi, directors of RERIPL, have around three decades of experience in the company's line of business. RERIPL's revenues have increased at a healthy compound annual growth rate (CAGR) of 20 per cent during the past four years. The company's comfortable financial risk profile is reflected in debt-equity ratio of 0.07 times as on March 31, 2014 and debt service coverage ratio (DSCR) of 11.71 times in FY2013–14. RERIPL's overall leverage (total outside liabilities to tangible net worth ratio) has declined from 0.60 times as on March 31, 2013 to 0.58 times as on March 31, 2014. The company reported strong interest coverage ratio of 41.07 times in FY2013–14. RERIPL has pending orders of ~Rs.50.00 crore, which are likely to be executed over the next 12 months.

RERIPL's operations are working capital-intensive. The company's collection period is stretched at 134 days in FY2012–13. SMERA believes RERIPL's overall leverage may deteriorate in case the company avails additional working capital funds for executing large contracts. RERIPL continues to face intense competition from several players in the event logistics sector. Notwithstanding healthy growth in revenues over the last three years, the company has moderate-scale operations with operating income of Rs.63.80 crore in FY2013–14.

## Outlook: Stable

SMERA believes the outlook on RERIPL's rated facilities will remain stable over the medium term. The company will continue to benefit from its established track record of operations, experienced management and strong order book position. The outlook may be revised to 'Negative' in case of deterioration in the company's financial risk profile. The outlook may be revised to 'Positive' in case the company generates larger-than-expected cash flows with substantial 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. 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.

For FY2013-14, RERIPL reported profit after tax of Rs.6.26 crore on net sales of Rs.63.80 crore, as compared with profit after tax of Rs.6.20 crore on net sales of Rs.58.89 crore in FY2012-13. RERIPL's net worth stood at Rs.24.45 crore as on March 31, 2014, as compared with Rs.18.75 crore a year earlier.

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