

Press Release

Narula Infrastructure Private Limited (NIPL)

09 April, 2017



Rating Assigned and Reaffirmed

Total Bank Facilities Rated*	Rs. 27.00 Cr. (Enhanced from Rs.21.00 Cr)
Long Term Rating	SMERA BBB- / Outlook: Stable
Short Term Rating	SMERA A3+

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed long-term rating of '**SMERA BBB-**' (read as **SMERA BBB minus**) and short term rating of '**SMERA A3+**' (read as **SMERA A three plus**) on the Rs. 21.00 crore bank facilities of Narula Infrastructure Private Limited. The outlook is '**Stable**'.

Further SMERA has assigned long-term rating of '**SMERA BBB-**' (read as **SMERA BBB minus**) on the Rs. 6.00 crore bank facilities of Narula Infrastructure Private Limited. The outlook is '**Stable**'.

Narula Infrastructure Private Limited (NIPL) is a Kolkata-based company incorporated in 2005 by Mr. Haranjit Singh, Mr. Amrik Singh and Mr. Taranjit Singh. The company is engaged in civil construction, and maintenance and erection of telecommunication towers.

Key Rating Drivers

Strengths

• Healthy financial risk profile

NIPL has a healthy financial risk profile marked by a networth of Rs.50.75 crore as on 31 March, 2017 compared to Rs.39.57 crore as on 31 March, 2016. The debt to equity ratio of the company stood at 0.37 times as on 31 March, 2017 compared to 0.47 times as on 31 March, 2016. Further, the interest coverage ratio (ICR) of the company stood at 22.55 times for FY2017 compared to 17.75 times for FY2016. The company has a healthy debt service coverage ratio (DSCR) of 13.87 times for FY2017 compared to 6.49 times for FY2016.

• Healthy revenue growth

NIPL posted a healthy revenue growth to Rs.101.29 crore in FY2017 compared to Rs.83.49 crore in FY2016. The company posted revenue CAGR of 34 percent over FY2014 to FY2017.

• Reputed clientele

The company has a reputed clientele comprising Indus Towers, Vodafone, and Reliance Jio among others.

• Experienced management

NIPL was incorporated in 2005 and its directors have over two decades of experience in the telecom tower erection and maintenance business.

Weaknesses

• Working capital intensive operations

NIPL's operations are working capital intensive, marked by high gross current assets (GCA) of 279 days in FY2017 compared to 351 days in FY2016. The GCA is mainly dominated by high debtor days of 167 in FY2017 compared to 217 in FY2016. However, the creditor days also stood high at 654 in FY2017 compared to 1,057 in FY2016.

Analytical Approach

SMERA has considered the standalone financial and business risk profile of the company to arrive at the rating

Outlook: Stable

SMERA believes the outlook on NIPL will remain 'Stable' over the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case of further improvement in the company's scale of operations, while maintaining profitability. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial profile.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	101.29	83.49	65.36
EBITDA	Rs. Cr.	8.76	6.08	4.11
PAT	Rs. Cr.	5.05	3.24	2.15
EBITDA Margin (%)	(%)	8.65	7.28	6.29
PAT Margin (%)	(%)	4.99	3.88	3.30
ROCE (%)	(%)	12.76	13.18	17.35
Total Debt/Tangible Net Worth	Times	0.37	0.47	0.55
PBDIT/Interest	Times	22.55	17.75	5.46
Total Debt/PBDIT	Times	2.16	3.06	2.15
Gross Current Assets (Days)	Days	140	177	157

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
02-Jan-2018	Term Loan	Long Term	INR 4	SMERA BBB- /Stable (Assigned)

	Bank Guarantee	Short Term	INR 17	SMERA A3+ (Upgraded)
26-Sep-2016	Bank Guarantee	Short Term	INR 17	SMERA A4+ (Reaffirmed)
29-Jul-2015	Bank Guarantee	Short Term	INR 17	SMERA A4+ (Assigned)

*Annexure - Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	6.00	SMERA BBB-/Stable (Assigned)
Term Loan	Not Applicable	Not Applicable	Not Applicable	4.00	SMERA BBB-/Stable (Reaffirmed)
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	17.00	SMERA A3+ (Reaffirmed)

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ABOUT SMERA

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