

TBPR Infraprojects Private Limited: Assigned

Facilities	Amount (Rs. Crore)	Ratings/Outlook
Working Capital Limit	7.00	SMERA B/Stable (Assigned)
Bank Guarantee	12.00	SMERA A4 (Assigned)

SMERA has assigned long term rating of '**SMERA B**' (**read as SMERA B**) and short term rating of '**SMERA A4**' (**read as SMERA A four**) to the above mentioned bank facilities of TBPR Infraprojects Private Limited (TBPR). The outlook is '**Stable**'. The ratings are constrained by the modest scale of operations and past instances of irregularity in bank guarantee limits. The ratings also factor in the high customer concentration risk and working capital intensive nature of operations.

However, the ratings derive comfort from the experienced management and above average financial risk profile marked by high net worth, comfortable gearing and comfortable coverage indicators.

TBPR undertakes execution of irrigation projects such as canals, tanks, dams and barrages. The company's scale of operations is modest marked by operating income of Rs.51.04 crore in FY2015. The company booked revenue of Rs.50.17 crore in FY2016 (Provisional). Besides, bank guarantee was invoked which got regularised in the recent past. However, there has been no other invocation thereafter. The ratings are further constrained by the high customer concentration risk as the company only caters to the Government of Telangana and Engineering Projects India Limited. The operations are working capital intensive marked by high gross current asset days of 293 during FY2016 (Provisional).

However, the ratings derive comfort from the extensive experience of Mr. Bhanu Prakash Reddy in the same line of business. The financial risk profile of the company is above average marked by high net worth of Rs.21.34 crore and comfortable gearing (Debt-equity ratio) of 0.38 times. The interest coverage ratio (ICR) stood at 2.39 times and debt service coverage ratio (DSCR) at 2.30 times in FY2016 (Provisional).

Outlook: Stable

SMERA believes TBPR will maintain a stable outlook in the medium term on account of its experienced management and moderate scale of operations. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and net cash accruals while maintaining better profit margins and improvement in capital structure. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected growth in revenues and profitability or deterioration in the financial risk profile.

Rating Sensitivity Factors

- Scaling up operations while improving profitability
- Diversified customer base
- Efficient working capital management

About the Company

TBPR was established in 2007 by Mr. Bhanuprakash Reddy, Mr. Tummala Narmada and Mr. Laxma Reddy Marella. The company undertakes execution of irrigation projects such as canals, tanks, dams and barrages at Hyderabad, Telangana.

For FY2015–16 (Provisional), the company reported profit after tax (PAT) of Rs.1.96 crore on operating income of Rs.50.17 crore, as compared with PAT of Rs.1.37 crore on operating income of Rs.51.04 crore in FY2014–15.

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ABOUT SMERA

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