

Rupal Infrastructure Private Limited: Assigned

Facilities	Amount (Rs. Crore)	Ratings/Outlook
Cash Credit	1.90	SMERA B+/Stable (Assigned)
Overdraft Against Immovable Property	5.00	SMERA B+/Stable (Assigned)
Long Term Bank Facility (Proposed)	12.10	SMERA B+/Stable (Assigned)
Short Term Bank Facility (Proposed)	6.00	SMERA A4 (Assigned)

SMERA has assigned long term rating of '**SMERA B+**' (read as **SMERA B plus**) on the Rs.19.00 crore bank facilities and short term rating of '**SMERA A4**' (read as **SMERA A four**) on the Rs.6.00 crore facility of Rupal Infrastructure Private Limited (RIPL). The outlook is '**Stable**'.

The ratings are constrained by the company's small scale of operations and geographical concentration in revenues. The ratings also factor in the average financial risk profile and working capital intensive operations. However, the ratings draw comfort from the company's experienced management and healthy order book position lending revenue visibility over the medium term.

The small scale of operations is evident from the turnover of Rs.9.30 crore in FY2016 (provisional) as against Rs.14.82 (including Rs 5.61 crore of customer advances for FY2015) crore in FY2015. Moreover, the company has been executing contracts in Orissa thereby exposing itself to geographical concentration in revenue.

The average financial risk profile of the company is marked by high gearing, low net worth, and modest debt protection metrics. The debt equity ratio stood at 2.83 times in FY2016 (provisional) and net worth base of Rs.3.41 crore in FY2016 (provisional) as against Rs.2.58 crore in FY2015. The modest debt protection metrics of the company is marked by interest coverage ratio of 11.02 times, net cash accruals to total debt ratio of 25 per cent and DSCR of 9.55 times in FY2016 (provisional).

The above ratings also take into account the working capital intensive operations marked by high gross current asset days of 405 days in FY2016 (provisional) as against 373 in FY2015. The inventory and debtor days stood at 111 and 32 respectively in FY2016.

However, the ratings draw support from the promoters Mr. Arun Jaiswal and Mr. Anil Jaiswal have experience of over a decade in industries such as real estate, infrastructure and construction. The company has an order book position of Rs.41.72 crore, lending healthy revenue visibility over the medium term. These are expected to be executed by Jan'19.

Rating Sensitivity Factors

- Scaling up operations
- Improvement in the capital structure
- Efficient working capital management

Outlook-Stable

SMERA believes that RIPL will maintain a stable outlook in the medium term while benefitting from its promoters' experience and revenue visibility backed by its order book position. The outlook may be revised to 'Positive' if RIPL scales up operations while maintaining profitability. Conversely, the outlook may be revised to 'Negative' in case the company registers lower-than-expected revenues or if the profitability declines leading to deterioration in the debt protection metrics.

About the Company

Established in 2006, RIPL is an Orissa-based civil construction company engaged in execution of buildings and irrigation projects in Orissa for various EPC contractors. The day-to-day operations are managed by Mr. Anil Jaiswal and Mr. Arun Jaiswal.

For FY2014-15, RIPL reported profit after tax (PAT) of Rs.6.58 crore on total operating income of Rs.15.03 crore, as compared with net loss of Rs.0.09 crore on operating income of Rs.1.66 crore in FY2013-14.

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ABOUT SMERA

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