

Press Release

RUPAL INFRASTRUCTURE PRIVATE LIMITED

12 January, 2018

Rating Reaffirmed



Total Bank Facilities Rated*	Rs. 25.00 Cr.
Long Term Rating	SMERA B+ / Outlook: Stable
Short Term Rating	SMERA A4

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed the long-term rating of '**SMERA B+**' (read as **SMERA B plus**) and short term rating of '**SMERA A4**' (read as **SMERA A four**) on the Rs. 25.00 crore bank facilities of RUPAL INFRASTRUCTURE PRIVATE LIMITED (RIPL). The outlook is '**Stable**'.

RIPL was established in 2006 by Mr. Anil Jaiswal and Mr. Arun Jaiswal. The company is engaged in civil construction and undertakes mainly construction of buildings and irrigation projects in Orissa. RIPL executes contracts for various EPC contractors.

Key Rating Drivers

Strengths

- **Experienced management**

The Directors, Mr. Anil Kumar Jaiswal, Mr Arun Jaiswal and Ms. Bhavana Jaiswal possess over a decade of experience in infrastructure, real estate, mining and construction. The day-to-day operations are led by Mr. Arun Jaiswal and Mr. Anil Jaiswal.

- **Healthy order book position**

RIPL has a current order book position of Rs.30.00 crore expected to be executed by FY2020, lending revenue visibility over the medium term.

Weaknesses

- **Moderate scale of operations**

Despite operations commencing in 2006, the scale of business has been moderate marked by revenue of Rs.13.23 crore in FY2017 and Rs.9.60 crore in FY2016.

- **Average financial risk profile**

The average financial risk profile of the company is marked by moderate network, gearing and comfortable debt protection metrics. The network stood moderate at Rs.5.17 crore in FY2017, an increase from Rs.4.62 crore in FY2016. The gearing stood moderate at 1.66 times in FY2017 as it declined from 2.09 times in FY2016. This is mainly on account of repayment of term loan and increase in the net worth base. The Interest Coverage Ratio (ICR) of the company stood comfortable at 2.10 times in FY2017 as against 11.02 times in FY2016. The Debt Service Coverage Ratio (DSCR) stood comfortable at 1.74 times in FY2017 compared to 9.06 times in FY2016.

Analytical Approach

SMERA has taken a standalone view of the business and financial risk profiles of the entity.

Outlook: Stable

SMERA believes that RIPL will maintain a stable outlook over the medium term while benefitting from its promoters' experience and 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 of lower-than-expected revenue or if the working capital further deteriorates.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	13.23	9.60	15.03
EBITDA	Rs. Cr.	1.87	3.15	6.72
PAT	Rs. Cr.	0.55	2.05	6.58
EBITDA Margin	(%)	14.14	32.83	44.70
PAT Margin	(%)	4.16	21.30	43.81
ROCE	(%)	14.11	34.82	542.34
Total Debt/Tangible Net Worth	Times	1.66	2.09	0.05
PBDIT/Interest	Times	2.10	11.02	170.42
Total Debt/PBDIT	Times	3.95	3.06	0.02
Gross Current Assets (Days)	Days	287	405	372

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

NA

Any other information

NA

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Infrastructure Entities - <https://www.smera.in/criteria-infra.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. Crore)	Ratings/Outlook
03-Oct, 2016	Cash Credit	Long Term	INR 1.9	SMERA B+ / Stable (Assigned)
	Overdraft Against Immovable Property	Long Term	INR 5	SMERA B+ / Stable (Assigned)
	Long Term Bank Facility (Proposed)	Long Term	INR 12.10	SMERA B+ / Stable (Assigned)

	Short Term Bank Facility (Proposed)	Short Term	INR 6	SMERA A4 (Assigned)
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*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.90	SMERA B+ / Stable
Term loans	Not Applicable	Not	Not	5.00	SMERA B+ / Stable
		Applicable	Applicable		
Proposed	Not Applicable	Not Applicable	Not Applicable	12.10	SMERA B+ / Stable
Proposed	Not Applicable	Not Applicable	Not Applicable	6.00	SMERA A4

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ABOUT SMERA

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