

RSA Turbotech Private Limited: Assigned

Facility	Amount (Rs. Crore)	Rating/Outlook
Term Loan	14.00	SMERA B/Stable (Assigned)

SMERA has assigned long-term rating of '**SMERA B**' (**read as SMERA B**) to the above mentioned bank facility of RSA Turbotech Private Limited (RSA). The outlook is '**Stable**'. The rating is constrained by the company's nascent stage of operations. However, the rating draws comfort from the experienced management.

RSA is a Bangalore-based company, incorporated in November 2014, by Mr. Prasad Shetty and Mr. Prakash Shetty, Directors. The company plans to manufacture custom engineered machinery skids and process skids for the oil and gas industry. The manufacturing unit is being set up at Hoskote Taluk (Bangalore) at a total cost of Rs.20.05 crore out of which Rs.6.05 crore was funded by promoters and the balance is financed through a term loan. The company has set aside Rs.11 crore for construction of the unit and plans to utilise the remaining Rs.3.00 crore for purchase and installation of machinery.

The project debt-equity is high at 2.31 times. While the project started from August, 2015, presently the installation of machinery is underway which is expected to be completed by end of September, 2016. Commercial operations are expected to commence from October, 2016.

However, the rating draws comfort from the experienced promoters. Mr. Prasad Shetty, Director has over 30 years of experience in the oil and gas, telecom and power industries while Mr. Prakash Shetty, Director, is a rotating machinery specialist in the oil and gas industry.

Rating Sensitivity Factor

- Scalability of revenues and profitability
- Generating sufficient cash flows to meet term debt obligations

Outlook-Stable

SMERA believes that RSA will continue to maintain a stable outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' if the company registers substantial revenues while achieving profits and net worth. Conversely, the outlook may be revised to 'Negative' in case of subdued revenues, profit margins or deterioration in the financial risk profile and liquidity position.

Criteria applied to arrive at the ratings:

- Manufacturing Entities

About the Company

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ABOUT SMERA

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