

Press Release

RSA TURBOTECH PRIVATE LIMITED

December 18, 2017

Rating Downgraded



Total Bank Facilities Rated*	Rs. 14.00 Cr.
Long Term Rating	SMERA D

* Refer Annexure for details

Rating Rationale

SMERA has downgraded long-term rating of '**SMERA D**' (read as **SMERA D**) on the Rs. 14.00 crore bank facilities of RSA TURBOTECH PRIVATE LIMITED.

RSA Turbotech Private Limited (RSA) is a Bangalore-based company, incorporated in November 2014, by Mr. Prasad Shetty and Mr. Prakash Shetty, Directors. The company is part of the RS Group, a global design, engineering, procurement, fabrication and construction company engaged in the manufacturing of custom engineered machinery skids and process skids at Hoskote Taluk for the oil and gas industry.

Key Rating Drivers

Strengths

- **Extensive experience of the promoters**

The company, incorporated in November, 2014, is led by Directors, Mr. Prasad Shetty and Mr Prakash Shetty who possess experience of over 30 years in the oil and gas, telecom and power sectors.

- **Group support**

The RS Group consists of three companies - R.S.Associates, R.S. Engineering and. RSA. The latter gets fabrication work and manufacturing products from R.S. Associates.

Weaknesses

- **Delays in debt servicing**

There have been irregularities in the repayment of principal in the last three months on the term loan due to a weak liquidity.

- **Limited track record of operations**

The company commenced commercial operations from November 2016. The revenue stood at Rs. 0.06 crore in FY2017 and Rs.4 crore from April to Oct 17. Further, the company has an outstanding order book of around Rs.6 crore to be executed in December 2018.

- **Moderate financial risk profile**

The financial risk profile is moderate marked by networth of Rs. 9.32 crore as on 31 March, 2017 as against Rs.9.97 crore as on 31 March, 2016. The gearing stood at 1.41 times as on 31 March, 2017. The TOL/TNW stood at 1.49 times as on 31 March, 2017.

Analytical Approach

SMERA has taken a standalone view of the financial and business risk profile of RSA

About the Rated Entity - Key Financials

For FY2016-17, RSA reported net loss of Rs.3.68 crore on operating income of Rs.0.06 crore. The net worth

stood at Rs.9.32 crore as on 31 March, 2017, compared to Rs.9.97 crore a year earlier.

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>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.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
05-Oct-2016	Term Loan	Long Term	INR 14	SMERA B / Stable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	11.00	SMERA D
Term loans	Not Applicable	Not Applicable	Not Applicable	3.00	SMERA D

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