

Press Release

Revmax Telecom Infrastructures Private Limited (RTIPL)

February 15, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs.10.00 Cr
Long Term Rating	SMERA BB-/Stable (Assigned)
Short Term Rating	SMERA A4+ (Assigned)

**Refer Annexure for details*

Rating Rationale

SMERA has assigned long term rating of '**SMERA BB-' (read as SMERA double B minus)** and short term rating of '**SMERA A4+' (read as SMERA A four plus)** on the above mentioned facilities of Revmax Telecom Infrastructures Private Limited (RTIPL). The outlook is '**Stable**'.

RTIPL provides turnkey solutions in the field of telecom in Maharashtra.

List of key rating drivers and their detailed description

Strengths:

Long track record of operations and experienced management: RTIPL was incorporated in 2004. The company was awarded IP-1 License by Department of Telecommunication (DOT) in 2008 for providing infrastructure facilities including dark fibres, duct space, tower among others. The promoter, Mr. Kaustubh Hirachand Butala has around two decades of experience in the telecom industry.

Reputed clientele: RTIPL caters to reputed clients including Reliance Group, TATA Communication, Siemens among others.

Product diversification: The company is engaged in the business of electronic surveillance systems such as CCTV, fire alarm systems, access control and intrusion detection systems to name a few. The company has installed CCTV at MPA (Maharashtra Police academy), Nashik and Lalbaug Ganesh Utsav for the Maharashtra Police.

Healthy financial risk profile: The company has a healthy financial risk profile marked by low net worth of Rs. 5.84 cr and gearing (Debt-Equity Ratio) of 0.81 times as on 31 March 2016 compared to net worth of Rs. 3.90 cr and gearing of 0.59 times as on 31 March 2015. The coverage indicators are comfortable and stand at 22.80 percent for FY2016. The DSCR stood at 16.66 per cent in FY2016. The company has Rs. 29.00 cr worth of orders as on date.

Weaknesses

Modest scale of operations: RTIPL operates on a modest scale with operating income of Rs.17.41 cr in FY2016 compared to Rs. 4.96 cr in FY2015. The company achieved operating income of ~Rs. 15.62 from April 2016 to December 2016.

Customer concentration risk: Since RTIPL caters largely to the Reliance Group companies (Reliance Energy, Reliance Retail, Reliance Life Sciences, Reliance Industries Limited and Reliance Jio), and generates around 84 per cent revenue, it is exposed to customer concentration risk.

Competitive and fragmented industry: RTIPL operates in a competitive and fragmented industry and faces competition from large players.

Analytical approach: SMERA has considered the standalone financial and business risk profiles of the company.

Applicable Criteria

- Manufacturing Entities: <https://www.smera.in/criteria-manufacturing.htm>
- Service Sector: <https://www.smera.in/criteria-services.htm>
- Application of Financial Ratios and Adjustments: <https://www.smera.in/criteria-fin-ratios.htm>
- Default Recognition: <https://www.smera.in/criteria-default.htm>

Outlook: Stable

SMERA believes that RTIPL will maintain a stable outlook and benefit over the medium term from its long track of operations and established market position. The outlook may be revised to 'Positive' if the company reports higher than expected profit margins on account of successful bidding and completion of telecom projects. Conversely, the outlook may be revised to 'Negative' in case of delays in project execution leading to low profitability.

About the Rated Entity

RTIPL, incorporated in 2004 by Mr. Kaustubh Hirachand Butala is engaged in the business of electronic surveillance systems - CCTV, fire alarm systems, access control and intrusion detection systems to name a few. The company owns a fully functional OFC (Optical Fiber Communication) network in Mumbai Metropolitan Region (MMR).

For FY2015-16, RTIPL reported PAT (profit after tax) of Rs. 1.94 cr on operating income of Rs. 17.41 cr as against PAT of Rs.0.24 cr on operating income of Rs. 4.96 cr in the previous year. The net worth stood at Rs. 5.40 cr as on 31 March 2016 compared to Rs. 3.90 cr a year earlier.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for the last three years:

Name of Instrument /Facilities	FY2017			FY2016		FY2015		FY2014	
	Scale	Amount (Rs. Cr)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Cash Credit	LT	3.00	SMERA BB-/Stable (Assigned)	-	-	-	-	-	-
Bank Guarantee	ST	7.00	SMERA A4+ (Assigned)	-	-	-	-	-	-

***Annexure – Details of instruments rated:**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr)	Ratings/ Outlook
Cash Credit	NA	NA	NA	3.00	SMERA BB-/Stable (Assigned)
Bank Guarantee	NA	NA	NA	7.00	SMERA A4+ (Assigned)

Note on complexity levels of the rated instrument: <https://www.smera.in/criteria-complexity-levels.htm>

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ABOUT SMERA

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