

Press Release

Revmax Telecom Infrastructures Private Limited

March 02, 2017

Rating Reaffirmed

Total Instruments Rated*	Rs. 10.00 Cr
Long Term Rating	SMERA BB-/Stable
Short Term Rating	SMERA A4+

*Refer Annexure for details

Rating Rationale

SMERA has reaffirmed the long-term rating of '**SMERA BB-**' (**read as SMERA BB minus**) and short term rating of '**SMERA A4+**' (**read as SMERA A four plus**) on the Rs. 10.00 crore bank facilities of Revmax Telecom Infrastructures Private Limited (RTIPL). The outlook is '**Stable**'.

RTIPL, incorporated in 2004 by Mr. Kaustubh Hirachand Butala is engaged in the business of electronic surveillance systems. These include 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).

Key Rating Drivers

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 the Reliance Group, TATA Communications, 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. 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 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 (Reliance Energy, Reliance Retail, Reliance Life Sciences, Reliance Industries Limited and Reliance Jio) generating 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.

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 - Key Financials

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 (if applicable)

Not Applicable

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.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
Feb 15, 2017	Cash Credit	Long Term	INR 3 CR	SMERA BB-/Stable (Assigned)
	Bank Guarantee	Short Term	INR 7 CR	SMERA A4+ (Assigned)

*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	5.00	SMERA BB- / Stable
Bank guarantee/	Not Applicable	Not Applicable	Not Applicable	5.00	SMERA A4+

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ABOUT SMERA

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