

Press Release

Revmax Telecom Infrastructures Private Limited

March 29, 2018

Rating Reaffirmed



Total Bank Facilities Rated*	Rs. 10.00 Cr.
Long Term Rating	SMERA BB- / Outlook: 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 double B 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. The company owns a fully functional OFC (Optical Fiber Communication) network in Mumbai Metropolitan Region (MMR).

Key Rating Drivers

Strengths

Experience management

The promoters, Mr. Kaustubh Butala and Mrs. Pallavi Butala have around two decades of experience in the said industry and have established long term relations with reputed clients.

Reputed clientele

RTIPL caters to the Reliance Group, TATA Communications, Siemens among others.

Moderate financial riskprofile

The financial risk profile of the company is marked by net worth of Rs.7.21 crore in FY2017 and Rs.5.84 crore in FY2016. The Debt-Equity ratio stood at 1.35 times in FY2017 as compared to 0.81 times in FY2016. The Interest Coverage Ratio (ICR) stood at 5.10 times and Debt Service Coverage Ratio (DSCR) stood at 2.32 times in FY2017. The company has booked revenue of Rs.29.00 crore as on February 2018.

Weaknesses

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 80 per cent revenue (FY2017), it is exposed to customer concentration risk.

Moderate working capital cycle

The Gross Current Asset (GCA) days increased to 197 in FY2017 as compared to 179 in FY2016. The inventory days stood at 77 in FY2017 as against 104 in FY2016. The debtor days increased from 51 days in FY2016 to 108 days in FY2017.

Competitive and fragmented industry

RTIPL is exposed to intense competition from large players.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of RTIPL to arrive at this rating.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	22.88	17.41	4.96
EBITDA	Rs. Cr.	4.56	3.98	1.02
PAT	Rs. Cr.	1.37	1.94	0.24
EBITDA Margin	(%)	19.93	22.86	20.62
PAT Margin	(%)	6.01	11.14	4.93
ROCE	(%)	23.33	37.53	10.89
Total Debt/Tangible Net Worth	Times	1.35	0.81	0.59
PBDIT/Interest	Times	5.10	15.28	4.34
Total Debt/PBDIT	Times	2.13	1.20	2.53
Gross Current Assets (Days)	Days	197	179	419

Any other information

Not Applicable

Applicable Criteria

- Service entity - <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>

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
02 -March -17	Cash Credit	Long Term	5.00	SMERA BB- / Stable (Reaffirmed)
	Bank Guarantee	Short Term	5.00	SMERA A4+ (Reaffirmed)
15- Feb -17	Cash Credit	Long Term	3.00	SMERA BB- / Stable (Assigned)
	Bank Guarantee	Short Term	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. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	SMERABB-/Stable (Reaffirmed)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	5.00	SMERA A4+ (Reaffirmed)

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