

Press Release

QUADRA INFRATEL SYNERGIES PRIVATE LIMITED

06 March, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 9.50 Cr.
Long Term Rating	SMERA B+ / Outlook: Stable
Short Term Rating	SMERA A4

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B+**' (read as **SMERA B plus**) and short term rating of '**SMERA A4**' (read as **SMERA A four**) on the Rs. 9.50 crore bank facilities of QUADRA INFRATEL SYNERGIES PRIVATE LIMITED (QISPL). The outlook is '**Stable**'.

QISPL was incorporated in 2007 by Mr. Girish Parashar and Mrs. Sharda Parashar. The company is an EPC contractor and undertakes site acquisition, civil construction, site electrification, operations and management of telecom towers for telecom companies.

Key Rating Drivers

Strengths

- **Long track record of operations and experienced management**

QISPL was incorporated in 2007. The company has been awarded IP-1 License by Department of Telecommunication (DOT) in 2017. The promoter, Mr. Girish Parashar has more than a decade of experience in the industry.

- **Reputed clientele**

The company caters to reputed clientele including Reliance JIO, IDEA, BSNL, AIRCEL

- **Moderate profitability margins**

The PAT margin improved to 2.77 percent in FY2017 as compared to 0.88 percent in FY2016. Also, the EBITDA margins improved to 26.70 percent in FY2017 as against 24.98 percent in FY2016.

Weaknesses

- **Small scale of operations**

QISPL operates on a small scale with operating income of Rs. 8.48 crore in FY2017 as compared to Rs. 8.12 crore in FY2016. Further, the company achieved operating income of Rs. 9.69 till January 2018 and expects Rs. 12.00 crore till March 2018.

- **Average financial risk profile**

The financial risk profile of the group is average marked by net worth of Rs. 4.92 crore as on 31 March, 2017 as compared to Rs. 4.52 crore as on 31 March, 2016. It included unsecured loans of Rs. 1.85 crore considered as quasi equity. The adjusted gearing (debt-equity) is 1.86 times as on 31 March, 2017 as compared to 2.00 times as on 31 March 2016. The Interest Coverage ratio (ICR) stands at 1.30 times in FY2017 as compared to 1.36 times in FY2016. The Debt Service Coverage ratio (DSCR) stands at 1.22 times FY2017 as compared to 1.21 times in FY2016. The total outstanding liabilities to total net worth (TOL/TNW) increased to 1.93 times as on 31 March, 2017 as compared to 2.34 times as on 31 March, 2016.

- **Working Capital intensive operations**

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The operations of the firm are working capital intensive marked by high Gross Current Asset (GCA) of 506 days in FY2017 as against 538 days in FY2016. The GCA days are mainly dominated by high inventory of 351 days in FY2017 as against 393 days in FY2016 and high debtor of 216 days in FY2017 as against 179 days in FY2016. The average bank limit utilisation for the past six months stood at 100 percent. SMERA believes that the efficient working capital management will be crucial to the company in order to maintain a stable credit profile.

- **Competitive and fragmented industry**

The company operates in a highly competitive and fragmented industry characterised by a large number of players in the market.

Analytical Approach

Outlook: Stable

SMERA believes that QISPL will maintain a Stable outlook over the medium term owing to its experienced management. 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

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	8.48	8.12	7.42
EBITDA	Rs. Cr.	2.27	2.03	1.84
PAT	Rs. Cr.	0.24	0.07	-0.39
EBITDA Margin	(%)	26.70	24.98	24.80
PAT Margin	(%)	2.77	0.88	-5.25
ROCE	(%)	16.42	16.39	33.26
Total Debt/Tangible Net Worth	Times	1.86	2.00	1.68
PBDIT/Interest	Times	1.30	1.36	1.32
Total Debt/PBDIT	Times	4.61	5.15	4.18
Gross Current Assets (Days)	Days	506	538	537

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>
- Service entities - <https://www.smera.in/criteria-services.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)

Not Applicable

*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 B+ / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	4.50	SMERA A4

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ABOUT SMERA

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