

## Press Release

### JODHPUR RBU INFRABUILD PRIVATE LIMITED

March 19, 2018



#### Rating Assigned

<b>Total Bank Facilities Rated*</b>	Rs. 21.72 Cr.
<b>Long Term Rating</b>	SMERA BBB- / Outlook: Stable

\* Refer Annexure for details

#### Rating Rationale

SMERA has assigned long-term rating of 'SMERA BBB-' (read as SMERA BBB minus) on the Rs. 21.72 crore bank facilities of JODHPUR RBU INFRABUILD PRIVATE LIMITED. The outlook is 'Stable'.

Jodhpur RBU InfrabuildPvt. Ltd., is a SPV, incorporated in 2012 by Mr. Pankaj Bansal and Mr. Gian Chand Bansal. The company has constructed and leased an industrial shed. The company has leased a specially constructed factory premises at Jaisalmer, Rajasthan to Suzlon Energy Limited. The premise is used for manufacturing rotor blades used in windmills. JIPL is a 100% subsidiary of P B Infrabuild Private Limited, which is engaged in the civil construction business and has provided corporate guarantee for the borrowings.

#### Key Rating Drivers

##### Strengths

- **Established Revenue Stream**

JIPL has adequate revenue visibility as SEL has signed a lease agreement for 9 years. SEL, being one of the major players in Wind Turbine equipments manufacturing industry, is operating and maintaining the facility for manufacture of rotor blades and ancillary products and services. The company is earning a lease rental of Rs. 4.65cr pa from FY17 with 3.5% escalation clause p.a.

- **Transactions supported by Bank Guarantee covering annual rentals**

SMERA finds comfort due to the availability of bank guarantee issued by SEL's bank in favour of the company covering the lease payment of one year. Timely renewal of the guarantee is critical to the smooth functioning of the arrangement with Suzlon. In the event of non payment, JIPL may have to seek an invocation of the guarantee and subsequently look for alternate counterparty to occupy the premises.

##### Weaknesses

- **High Counterparty risk**

The company has only one lessee SEL and hence faces high risk related to business or financial performance of SEL. Suzlon has been facing stress in its creditors and hence its credit profile and financial flexibility is impacted. Although, SEL has drawn BG in favour of JIPL, the residual risk on Suzlon still exists. The risk related to facility vacation by SEL due to any adverse impact on the business of SEL is very high. This could in turn impact the future financial profile and debt servicing capability of the company. This risk is partly offset by the availability of bank guarantee.

- **Initial stage of operation**

The company leased out the premises in Jan, 2016 and is still in the early stage of operations. With

completion of only one full operational year FY17, the track record of operations is yet to be seen. Any change in the business dynamics of the renewable energy segment will impact the future cash flows of the company. The Government policies in the renewable energy segment would also play a key role in determining stable operations of lessee and lessor.

### **Analytical Approach**

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

#### **Outlook: Stable**

SMERA believes company will maintain a stable business risk profile over the medium term owing to its experienced management. The outlook may be revised to 'Positive' in case the firm is able to maintain stable cash flow position in the medium term. The outlook may be revised to 'Negative' in case of disruption in the company's cash flows and liquidity position.

### **About the Rated Entity - Key Financials**

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	4.91	1.06	0.00
EBITDA	Rs. Cr.	4.63	0.52	0.00
PAT	Rs. Cr.	0.34	0.00	0.01
EBITDA Margin	(%)	94.41	48.85	0.00
PAT Margin	(%)	6.98	0.12	0.00
ROCE	(%)	14.18	3.13	154.87
Total Debt/Tangible Net Worth	Times	3.39	2.81	0.00
PBDIT/Interest	Times	1.92	1.37	161.56
Total Debt/PBDIT	Times	4.90	34.48	0.00
Gross Current Assets (Days)	Days	513	601	0

### **Status of non-cooperation with previous CRA (if applicable)**

NA

### **Any other information**

Not Applicable

### **Applicable Criteria**

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Infrastructure Entities - <https://www.smera.in/criteria-infra.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. Cr.)	Ratings/Outlook
Term Loan	Not Applicable	Not Applicable	Not Applicable	21.72	SMERA BBB- / Stable (Assigned)

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