

## Press Release

### Thombathu Infra Projects Private Limited

July 10, 2018

### Rating Assigned



<b>Total Bank Facilities Rated*</b>	Rs. 7.75Cr.
<b>Long Term Rating</b>	ACUITE B+ / Outlook: Stable

\* Refer Annexure for details

### Rating Rationale

Acuite has assigned long-term rating of '**ACUITE B+**' (read as **ACUITE B plus**) on the Rs.7.75 crore bank facilities of Thombathu Infra Projects Private Limited (TIPPL). The outlook is '**Stable**'.

Incorporated in 2017, Thombathu Infra Projects Private Limited (TIPPL) a Karnataka based private limited company is engaged in civil contracts for railways includes earthworks, side walls and bridges. The company was promoted by Mr. T.N Shivananda Shetty and Mr. Ankaiah Naidu. The directors have experience of more than two decade in civil construction segment. It also does works on sub-contract basis from its associate concern Sri Ganesh Engineering Works for railways.

### Key Rating Drivers

#### Strengths

##### ☐ Experienced management

The company is promoted by Mr. T.N Shivananda Shetty and Mr. Ankaiah Naidu. The promoters have experience of more than two decades in civil construction segment. Further, the company is well supported by experienced and qualified second tier management. The operations have started in August 2017. In its first 5 months of operations in FY2018 (refers to financial year, November 1st to March 31st), the company has reported revenues of Rs.6.53 crores (provisional) supported by promoter's vintage in the construction business. Basis the unexecuted order book of about Rs.79.47 crores, TIPPL expects to report revenues in the range of Rs.25.0 – Rs.30.0 crores over the medium term. Acuite believes that the company continues to benefit from the promoters experience in the civil construction business in improving its business risk profile.

##### ☐ Moderate order book level

TIPPL has moderate order book position with unexecuted orders in hand of approximately Rs. 79.47 Cr as on April 1, 2018, providing revenue visibility for medium term. Entire works are of Railways partly secured on tender basis from East Coast Railways, and part on sub-contract basis from its associate concern Sri Ganesh Engineering Works. Apart from the orders on hand, the company keeps participating in new work orders. The current order book position shall be delivered by FY2021 which gives moderate revenue visibility over the medium term.

#### Weaknesses

##### ☐ Customer Concentration

TIPPL is a new company ventured into civil works for East Coast Railways. Currently, East coast railway is the only client for its revenue stream. Acuite believes that the business risk profile of TIPPL is skewed towards a single client, and any performance delays or timelines or adherence to standards will have major impact on the business risk profile of TIPPL, though it's partly mitigated by client's presence in the industry for over two decades.

##### ☐ Tender based business, and competitive and fragmented industry

The company operates in a competitive industry as there are many organized and un-organized players in the industry. Any competitive pricing in the tender based business with government players will have

serious impact on the revenues and profitability. Further, any delay in projects execution or receipts are likely to result in higher working capital requirement.

### Analytical Approach

Acuite has considered the standalone business and financial risk profile of TIPPL

### Outlook: Stable

Acuite believes that TIPPL will maintain a stable outlook over the medium term owing to its experienced management and orders in hand. The outlook may be revised to 'Positive' in case company registers more than expected growth in its revenues while maintaining the profitability and capital structure. Conversely, the outlook may be revised to 'Negative' in case of delays in project execution leading to low profitability or lengthening of working capital cycle.

### About the Rated Entity - Key Financials

Not Applicable

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

None

### Any other information

None

### Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Infrastructure Entities - <https://www.acuite.in/view-rating-criteria-14.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/criteria-fin-ratios.htm>

### Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

### Rating History (Up to 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	2.50	ACUITE B+/ Stable
Term Loan	Not Applicable	Not Applicable	Not Applicable	4.50	ACUITE B+/ Stable
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	0.75	ACUITE B+/ Stable

## Contacts

Analytical	Rating Desk
<p>Suman Chowdhury President - Rating Operations Tel: 022-67141107 <a href="mailto:suman.chowdhury@acuite.in">suman.chowdhury@acuite.in</a></p>	<p>Varsha Bist Manager - Rating Desk Tel: 022-67141160 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a></p>
<p>Solaman Sunny Analyst - Rating Operations Tel: 080-46634604 <a href="mailto:solaman.sunny@acuiteratings.in">solaman.sunny@acuiteratings.in</a></p>	

### About Acuité Ratings & Research:

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