

Press Release

Topline Infra Projects Private Limited

November 15, 2018



Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 110.00 Cr.
Long Term Rating	ACUITE BBB/Stable (Reaffirmed)
Short Term Rating	ACUITE A3+ (Reaffirmed)

* Refer Annexure for details

Rating Rationale

Acuité has reaffirmed long-term rating of '**ACUITE BBB** (read as **ACUITE triple B**) and short term rating of '**ACUITE A3+** (read as **ACUITE A three plus**). Acuité has also assigned long-term rating of '**ACUITE BBB** (read as **ACUITE triple B**) and short term rating of '**ACUITE A3+** (read as **ACUITE A three plus**) on the Rs. 110.00 crore of total bank facilities of Topline Infra Projects Private Limited (TIPPL). The outlook is '**Stable**'.

Incorporated in 2004, Topline Infra Projects Private Limited (TIPPL) is promoted by Mr. Saurav Agarwal, Mr. Gaurav Agarwal. The company is engaged in undertaking of civil construction projects like roads and railway platforms mainly in the state of Bihar. Recently, the company has started undertaking civil construction project in the state of West Bengal. Further, the company diversified its business and has started maintenance and operation of toll booths across the country.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of TIPPL to arrive at the rating.

Key Rating Drivers:

Strengths

- **Experienced management**

The promoters of TIPPL have extensive experience in the civil construction industry. The business was started in 2004 by Mr. Saurav Agarwal and Mr. Gaurav Agarwal and currently the company has a track record of over a decade in the civil construction business. The experience of the promoters has resulted in establishing its presence in Bihar.

- **Healthy financial risk profile**

TIPPL's financial risk profile is strong supported by healthy net worth, comfortable gearing and robust debt protection metrics. The net worth stands at Rs.92.90 crore in FY2018 (Provisional) as against Rs.81.66 crore in FY2017. The gearing stands healthy at 0.21 times in FY2018 (Provisional) as against 0.25 times in FY2017. The total debt of Rs.19.46 crore consists of term loans of Rs.5.19 crore and short term facility of Rs.14.27 crore as on FY2018 (Provisional). The Interest Coverage Ratio (ICR) stands at 5.91 times in FY2018 (Provisional) as against 10.79 times in FY2017. The Debt Service Coverage Ratio (DSCR) stands at 4.60 times in FY2018 (Provisional) as against 7.62 times in FY2017. The Net Cash Accruals / Total Debt (NCA/TD) stands at 0.71 times in FY2018 (Provisional) as against 0.93 times in FY2017.

- **Healthy scale of operations**

The scale of operations is healthy marked by operating income of Rs.178.98 crore in FY2018 (Provisional) as against Rs.204.43 crore in FY2017. Though the revenue of the company has dipped marginally in FY2018 (Provisional) due to lower orders, the company currently has an order book position of Rs.456.16 crore in the civil construction business which provides comfortable revenue visibility over the medium term. Further in FY 2018, the company has

diversified its line of business to operating and maintenance of tolls and currently is operating seven tolls across states like Rajasthan, Bihar, Uttar Pradesh and Andhra Pradesh. The company has recognized toll operating income of Rs.97.93 crore in FY2018 (Provisional) which is ~ 55 per cent of its total revenue in FY2018. The diversified business profile provides further comfort in improvement of scale of operations going forward.

Weaknesses

• Traffic and contract renewal risk

The company's performance is susceptible to traffic and contract renewal risk. The operating of the company from the toll collection segment is dependent on the volume of traffic. A fall in the traffic volume could lead to a decline in the operating income. Furthermore, the company faces contract renewal risk. The toll contracts are short term in nature with annual validity and hence the company faces contract renewal risk which could adversely impact the operating income.

• Tender based nature of business

The company's performance is susceptible to tender based nature of business activities and intense competition among other players bidding for government contracts. The overall bid-success rate of the company is 60-70 percent. The bid-success rate in Bihar is around 80 percent.

Outlook: Stable

Acuité believes the outlook on TIPPL will remain 'Stable' over the medium term backed by the experience of the management and its healthy order book position. The outlook may be revised to 'Positive' in case of higher-than-expected growth in its revenues while maintaining its profitability margins and improving its working capital management. Conversely, the outlook may be revised to 'Negative' in case of any stretch in its working capital management or larger-than-expected debt-funded capital expenditure resulting in deterioration of its financial risk profile and liquidity.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	178.98	204.43	165.59
EBITDA	Rs. Cr.	21.29	29.82	12.83
PAT	Rs. Cr.	11.25	14.72	5.85
EBITDA Margin	(%)	11.90	14.59	7.75
PAT Margin	(%)	6.29	7.20	3.53
ROCE	(%)	18.74	28.47	26.69
Total Debt/Tangible Net Worth	Times	0.21	0.25	0.35
PBDIT/Interest	Times	5.91	10.79	6.17
Total Debt/PBDIT	Times	0.86	0.66	1.56
Gross Current Assets (Days)	Days	79	86	125

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/criteria-infra.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 (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
12-Nov-2018	Cash Credit	Long Term	5.00	ACUITE BBB/Stable (Assigned)
	Bank Guarantee	Short Term	15.00	ACUITE A3+ (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	18.00	ACUITE BBB / Stable (Reaffirmed)
Term Loan	Not Applicable	Not Applicable	Not Applicable	3.26	ACUITE BBB / Stable (Assigned)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	88.00	ACUITE A3+ (Reaffirmed)
Proposed Short Term	Not Applicable	Not Applicable	Not Applicable	0.74	ACUITE A3+ (Assigned)

Contacts:

Analytical	Rating Desk
Pooja Ghosh Head- Corporate and Infrastructure Sector Ratings Tel: 033-66201203 pooja.ghosh@acuite.in Abhishek Dey Rating Analyst Tel: 033-66201208 abhishek.dey@acuiteratings.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in

About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.