

## 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

Acuite 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**). Acuite 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

Acuite 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

Acuite 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 <a href="mailto:pooja.ghosh@acuite.in">pooja.ghosh@acuite.in</a> Abhishek Dey Rating Analyst Tel: 033-66201208 <a href="mailto:abhishek.dey@acuite.in">abhishek.dey@acuite.in</a>	Varsha Bist Manager - Rating Desk Tel: 022-67141160 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a>

### About Acuité Ratings & Research:

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