



SMERA RATINGS LIMITED

Railtech Infraventure Private Limited (Railtech)

*Rating
Rationale*

November 21, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	3.00 (Enhanced from 2.00)	SMERA BBB-/Stable (Upgraded from SMERA BB+/Stable)
Term Loan	2.85	SMERA BBB-/Stable (Upgraded from SMERA BB+/Stable)
Bank Guarantee	10.00 (Enhanced from 6.00)	SMERA A3 (Upgraded from SMERA A4+)
Letter of Comfort - I	7.00	SMERA A3 (Upgraded from SMERA A4+)
Letter of Comfort - II	5.00	SMERA A3 (Upgraded from SMERA A4+)
Letter of Comfort - III	4.60	SMERA A3 (Assigned)

SMERA has upgraded the long-term rating on the Rs.5.85 crore bank facility of Railtech Infraventure Private Limited (Railtech) to **'SMERA BBB-' (read as SMERA triple B minus)** from **'SMERA BB+' (read as SMERA double B plus)** and the short term rating on the Rs.26.60 crore bank facility to **'SMERA A3' (read as SMERA A three)** from **'SMERA A4+' (read as SMERA A four plus)**. The outlook is **'Stable'**.

The upgrade is in view of growth in the scale of operations and improvement in operating margins. The ratings continue to draw comfort from the company's experienced management, healthy financial risk profile and long association with the Indian Railways. However, the ratings continue to be constrained by the small scale of operations.

Update

Railtech's revenues increased from Rs.31.97 crore in FY2013-14 (refers to financial year, April 01 to March 31) to Rs.39.16 crore in FY2014-15. For the period April 01 to October 01, 2015, the company registered operating income of Rs.18 crore. Railtech's operating margins improved from 22 percent in FY2013-14 to 29 percent in FY2014-15 mainly on account of the addition of two flash butt welding machines that improves efficiency and trading of rail vehicles. The company's profit after tax (PAT) margins improved from 3.94 percent in FY2013-14 to 15 percent in FY2014-15 on account of dividend received from the company's subsidiary Railtech Infratventure Limitd (RIL) located in Mozambique. RIPL holds ~ 75 percent stake in RIL.

Disclaimer: A SMERA 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. SMERA 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, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA 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. SMERA 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.smera.in) for the latest information on any instrument rated by SMERA.



SMERA RATINGS LIMITED

Railtech Infraventure Private Limited (Railtech)

*Rating
Rationale*

The ratings continue to derive support from the extensive experience of the promoters in the railway industry. The healthy financial risk profile is marked by debt to equity of 0.63 times and interest coverage of 13 times as on March 31, 2015.

Outlook: Stable

SMERA believes Railtech will maintain a 'Stable' business profile over the medium term on the back of healthy order book, efficient working capital management and strong debt servicing indicators. The outlook may be revised to 'Positive' if the company achieves higher than expected revenue, profitability with low gearing. Conversely, the outlook may be revised to 'Negative' in case of significant decline in the revenues or deterioration in the financial risk profile.

About the Company

Railtech was established in 2008 is Allahabad based company. Railtech is engaged in highly technical and specialized work like, flash butt welding, track linking, maintenance and rehabilitation for Indian Railways as well as for public & private players.

Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 98208 02479 Email: antony.jose@smera.in	Vinay Chhawchharia Associate Vice President – Corporate Ratings Tel: +91-22-6714 1156 Email: vinay.chhawchharia@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

Disclaimer: A SMERA 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. SMERA 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, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA 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. SMERA 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.smera.in) for the latest information on any instrument rated by SMERA.