

RP InfraPower Private Limited

May 04, 2021

Ratings

Facilities / Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	4.50	CARE B; Stable; ISSUER NOT COOPERATING* (Single B; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B+; Stable; (Single B Plus; Outlook: Stable)
Long Term / Short Term Bank Facilities	15.14	CARE B; Stable / CARE A4; ISSUER NOT COOPERATING* (Single B; Outlook: Stable/ A Four ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B+; Stable / CARE A4; (Single B Plus ; Outlook: Stable / A Four)
Total Facilities	19.64 (Rs. Nineteen Crore and Sixty-Four Lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated March 24, 2020 placed the ratings of RP InfraPower Private Limited (RPIPPL) under the 'issuer non-cooperating' category as RPIPPL had failed to provide information for monitoring of the rating. RPIPPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated February 07, 2021, February 17, 2021, February 27, 2021. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. Further banker could not be contacted.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.

The rating has been revised by taking into account non-availability of information and no due-diligence conducted due to non-cooperation by RPIPPL with CARE'S efforts to undertake a review of the rating outstanding. CARE views information availability risk as a key factor in its assessment of credit risk. Further, the ratings continue to remain constrained owing to relatively modest scale of operations and moderate profit margins with fluctuations over last 3 years, working capital intensive nature of operations marked by high collection period, moderate order book position and presence in highly competitive and fragmented industry marked by tender-driven nature of operations.

The ratings, however, continue to take comfort from highly experienced promoters in undertaking various electrification works and moderately comfortable capital structure albeit moderate debt coverage indicators.

Detailed description of the key rating drivers

At the time of last rating on March 24, 2020 the following were the rating weaknesses and strengths:

Detailed description of the key rating drivers

Key Rating Weaknesses

Relatively modest scale of operations and moderate profit margins with fluctuations over last 3 years:

The scale of operations of RPIPPL stood relatively modest with the total operating income ranging from Rs.15-50 crore over FY18-FY20. Moreover, the same has been fluctuating over the same period owing to fluctuations in the tender issued by government organizations. Given this, the tangible net-worth base also stood small, thereby limiting the financial flexibility of the company to a greater extent. Further, the PBILD margin of the company stood moderate at 10.94% In FY20, given the electrification works nature of operations. However, the same has been fluctuating over the same period owing to

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

*Issuer did not cooperate; Based on best available information

changing material & labour mix coupled with competitive bidding undertaken by the company at various times to bag the orders.

Working capital intensive nature of operations marked by high collection period:

The operations of RPIPPL are working capital intensive in nature with a majority of funds of over 180-600 days blocked in debtors and a moderate portion of over 30-110 days blocked in inventory. Given the high collection period, the company has also been stretching its creditors for over 150-640 days. Given all of the above, the operating cycle stood moderately high at 64 days in FY20. Which also led to higher utilization of working capital limits.

Moderate order book position:

The order book position of RPIPPL stood moderate at Rs.34.75 crore as on March 31, 2019, which is to be executed latest by December 2019 thereby providing limited revenue visibility. Hence, ability of the company to increase the order book position remains critical. However, CARE will not comment on the current orderbook position as RPIPPL is non-co-operative.

Presence in highly competitive and fragmented industry marked by tender-driven nature of operations:

RPIPPL operates in a highly competitive industry wherein 4-5 players in mid-sized orders and 15-20 players in small-sized orders engaged in undertaking various electrification works. Further, the tender-driven nature of operations intensifies the already prevailing competition in the market. This is evident from the elongated collection period of the company. Moreover, the company is also exposed to significant geographical concentration risk with operations are limited for only two regions viz. Uttarakhand and Uttar Pradesh.

Key Rating Strengths

Highly experienced promoters in undertaking various electrification works:

The overall operations of RP Infa are looked after by the promoters – Mr. Amrish Tyagi and Mr. Munesh Tyagi, who possess a total experience of over 23 years in the activities of undertaking various electrification works.

Moderate capital structure albeit moderate debt coverage indicators:

The capital structure of RPIPPL stood moderate with an overall gearing ranging from 0.80-1.10 times over the past three balance sheet dates ended March 31, 2020, given the moderate reliance on external debt. Further, given the moderate profitability, the debt coverage indicators stood moderate with the total debt/GCA and interest coverage of 12.49 times and 1.59 times respectively in FY20.

Liquidity Analysis

The liquidity position of the company marked by low current ratio and moderate quick ratio at 1.31 times and 1.17 times respectively as on March 31, 2020.

Analytical Approach: Standalone

Applicable criteria

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

[Policy in respect of Non-cooperation by issuer](#)

[CARE's Policy on Default Recognition](#)

[Financial ratios – Non-Financial Sector](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

[CARE's Methodology for Service Sector Companies](#)

[Criteria for Short Term Instruments](#)

About the Firm

Incorporated in 2012 as a private limited company by Mr. Amrish Tyagi along with his friend Mr. Munesh Tyagi, RP Infrapower Private Limited (RPIPPL) is engaged in undertaking various electrification works at various sub-stations as well as in other rural & urban areas. The said electrification works comprise commissioning of fresh power sub-stations, upgradation of electrification at various sub-stations and other rural & urban areas, laying of underground (UG)/overhead (OH) cables, electric pole shifting, repairs & maintenance of electrification, feeder segregation, site survey, planning, design, engineering, testing & supply of all plant & equipment for construction of transmission lines, power sub-stations, metering, low-tension (LT) lines, etc. The said works are undertaken by the company only for Uttarakhand Power Corporation Limited (UPCL) and Uttar Pradesh Power Corporation Limited (UPPCL).

Non BFSI

Brief Financials (Rs. crore)	FY19 (A)	FY20 (A)
Total operating income	49.20	15.17
PBILDT	3.06	1.66
PAT	1.22	0.32
Overall gearing (times)	0.91	0.86
Interest coverage (times)	2.69	1.59

A: Audited

Status of non-cooperation with previous CRA: NA

Any other information: Not Applicable

Rating History (Last three years): Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	4.50	CARE B; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT/ ST-Bank Guarantees	-	-	-	15.14	CARE B; Stable / CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; Based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Fund-based - LT-Cash Credit	LT	4.50	CARE B; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (24-Mar-20) 2)CARE BB-; Stable (29-May-19)	-
2.	Non-fund-based - LT/ ST-Bank Guarantees	LT/ST	15.14	CARE B; Stable / CARE A4; ISSUER NOT COOPERATING*	-	-	1)CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING* (24-Mar-20) 2)CARE BB-; Stable / CARE A4 (29-May-19)	-

*Issuer did not cooperate; Based on best available information

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Not Applicable

Annexure 4: Complexity level of various instruments rated for this Company

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Non-fund-based - LT/ ST-Bank Guarantees	Simple

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Contact us

Media Contact

Mr. Mradul Mishra

Contact no.: +91-22-6837 4424

Email ID: mradul.mishra@careratings.com

Analyst Contact

Mr. Achin Nirwani

Contact no.: +91- 11-4533 3233

Email ID: achin.nirwani@careratings.com

Business Development Contact

Ms. Swati Agrawal

Contact no.: +91-11-4533 3200

Email ID: swati.agrawal@careratings.com

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**