

## Rotodyne Engineering Services Private Limited

Instrument	Amount in Rs. Crore	Rating Action
Cash credit limits	3.30	[ICRA]B+ assigned
Non Fund based limits	4.20	[ICRA]A4 assigned
Unallocated limits	17.50	[ICRA]B+ / [ICRA]A4 assigned

ICRA has assigned a long-term rating of [ICRA]B+ (pronounced ICRA B plus) to Rs 3.30 crore<sup>1</sup> cash credit limits of Rotodyne Engineering Services Private Limited (RESPL/the company)<sup>†</sup>. ICRA has also assigned short term rating of [ICRA]A4 (pronounced ICRA A four) to Rs 4.20 crore non fund based limits and ratings of [ICRA]B+/[ICRA]A4 to Rs 17.50 crore unallocated limits of RESPL.

The assigned ratings are constrained by modest scale of operations in the rotating equipment (turbine, compressors and pumps) industry which limits the bargaining power with customers who are mostly large corporates resulting in moderate operating margins; stretched liquidity position of the company due to high working capital intensity on account of high debtor days; and moderate client and project concentration risk of the order book with top 3 projects and clients accounting to 53%. Further, the order book position is moderate at Rs 22.84 crore as on March 31, 2016 providing near term revenue visibility. ICRA also notes the proposed capital expansion plans of the company which may adversely impact the capital structure and debt coverage indicators going forward. The ratings however positively factor in extensive experience of promoter and senior management in engineering, assembly, quality control, testing & commissioning of power and process plants; and consistent growth in operating income over last few years from Rs 8.17 crore in FY11 to Rs 23.89 crore in FY16 with increase in orders and order execution albeit on a low base.

Going forward, ability of the company to improve its revenues and maintaining the profitability levels while managing working capital requirements would remain key rating sensitivities from credit perspective.

### Company Profile

Rotodyne Engineering Services Private Limited (RESPL) was founded in the year 1998 and is into providing services related to rotating equipment (turbine, compressors and pumps) such as Erection & Commissioning, Overhauls & Trouble-shooting, Operation & Maintenance services, Annual Maintenance Contracts, Repairs and manufacture & supply of spares for Turbines, Boilers, Generators, Centrifugal Compressors, Pumps, and Heat Exchangers. The company comprises of Ex-BHEL Executives, ex-Executives of Food/Process/Chemical Industries, Power Stations and Electricity Boards, each having decades of experience in several disciplines like engineering assembly, quality control, testing & commissioning and fields services.

### Recent Results

In FY2015, RESPL reported an operating income of Rs. 19.78 crore and net profit of Rs. 0.68 crore as against operating income of Rs. 16.01 crore and net profit of Rs. 0.75 crore during FY2014. RESPL has reported an operating income of Rs 23.89 crore and profit before tax of Rs 1.97 crore for FY2016 (provisional and unaudited)

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<sup>1</sup> 100 lakh = 1 crore = 10 million

<sup>†</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.



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