

Rotostat Services Private Limited

Instrument	Amount In Rs. Crore	Rating Action
Fund Based-Cash Credit	3.50	[ICRA]BB(Stable) ; upgraded from [ICRA]BB-(Stable)
Non Fund Based-Bank Guarantee	1.50	[ICRA]A4+ ; upgraded from [ICRA] A4
Total	5.00	

ICRA has upgraded the long-term rating from [ICRA]BB- (pronounced ICRA double B minus)¹ to **[ICRA]BB** (pronounced ICRA double B) assigned to the Rs. 3.50 crore² fund based cash credit limit of Rotostat Services Private Limited (RSPL). ICRA has also upgraded the short-term rating from [ICRA]A4 (pronounced ICRA A four) to **[ICRA]A4+** (pronounced ICRA A four plus) assigned to Rs 1.50 crore non-fund based limit of Rotostat Services Private Limited. The outlook on the long-term rating is '**Stable**'.

The upgrade takes into account the infusion of Rs 2.40 crore of equity by the promoters and addition of new professionally qualified promoters with long standing experience in various industries. The rating also favours factors in the increase in order book size along with expansion of customer portfolio. The rating also considers the low counterparty credit risk on account of reputed clientele, healthy profitability levels, comfortable gearing and strong debt coverage indicators. ICRA also notes that the annual maintenance contracts with Reliance Industries Limited, Indian Oil Corporation Limited etc. give revenue visibility in near to medium term.

Nonetheless, the rating is constrained by the company's small scale of operations in a niche, competitive and fragmented industry which limits the bargaining power with the customers. The rating also takes cognizance of the high working capital intensity owing to extended receivables leading to weak liquidity profile of the company. The rating also reflects the company's exposure to risks arising out of high customer concentration as ~80% of total revenue is derived from single customer.

Company Profile

Established in 2009, Rotostat Services Private Limited (RSPL) is involved in servicing of rotary and static equipments. The company is promoted by Mr. Probal Mukherjee who was the CEO of Gammon India Limited and has around three decades of experience in construction sector.

Recent Results

During FY2016 (Provisional), RSPL reported an operating income of Rs 29.1 crore and profit after tax of Rs 2.3 crore as against an operating income of Rs 19.0 crore and profit after tax of Rs 1.7 crore in FY2015.

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¹ For a complete rating scale and definitions, please refer to ICRA's website (www.icra.in) or other ICRA rating publications.

² 1 crore = 100 lakh = 10 million



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