

Rotostat Services Private Limited

Instrument	Amount In Rs. Crore	Rating Action
Fund Based-Cash Credit	8.50 (enhanced from 3.50)	[ICRA]BB (Stable) ; assigned/outstanding
Non Fund Based	3.50 (enhanced from 1.50)	[ICRA]BB (Stable) ; assigned/outstanding
Total	12.00	

ICRA has assigned the long-term rating of **[ICRA]BB** (pronounced ICRA double B)¹ to the Rs. 8.50 crore² (enhanced from Rs 3.50 crore) fund based cash credit facility and Rs 3.50 crore (enhanced from Rs 1.50 crore) non-fund based limits of Rotostat Services Private Limited (RSPL). The outlook on the long-term rating is 'Stable'.

Rating Rationale

The assigned rating 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 favourably 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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For further details, please contact:

Analyst Contacts:

Mr. Subrata Ray (Tel. No. +91 22 6114 3408)
subrata@icraindia.com

Poorva Ravindra Shelke (Tel. No. +91 80 4922 5522)
poorva.shelke@icraindia.com

Suprio Banerjee (Tel. No. +91 22 6114 3443)
supriob@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee (Tel. No. +91-80-43326401)
jayantac@icraindia.com

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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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500