



## R P Infosystems Private Limited

ICRA has assigned an LBBB+ (pronounced L triple B plus) rating to the Rs 750 million fund based and to the Rs 750 million non fund based working capital facilities of R P Infosystems Private Limited (RPIL) indicating moderate-credit-quality†.

The rating takes into account the experience of the promoters in the business of desktop personal computers and other related information technology hardware, the eligibility of RPIL's assembling unit at Parwanoo (in Himachal Pradesh) for fiscal benefits, which is expected to improve the operating profitability going forward, the company's established distribution channel in the tier 2 / 3 cities, particularly of eastern and north eastern India, which gives the company access to a fast growing retail market, and the benefits, in terms of economies of scale for procurement of essential software and hardware, better product planning and joint promotional activities, that RPIL enjoys on account of its existing relationship with both Microsoft Corporation and

Intel Corporation. RPIL has recently entered into a rate contract with DGS&D (Director General of Supplies & Disposals) for the supply of desktops and other related hardware and software. This is expected to result in substantial increase in sales to the corporate / institutional sector going forward.

The rating is however constrained by the intensely competitive nature of the industry, the working capital intensive nature of RPIL's operations, which is likely to result in increased working capital requirement given RPIL's growth plans, thus keeping the financial leverage at a high level and the exposure to foreign currency fluctuations on account of import of components. RPIL has drawn up an expansion plan to increase its installed capacity substantially over the medium term. The ability of the company to manage the growth is likely to be a key factor in determining its competitive position going forward.

### Company Profile

RPIL, the flagship company of the Kolkata based R P Group, was incorporated in 2005 to take over the manufacturing/assembling facilities of another group entity, R P Communications, a partnership firm involved in the assembling and trading of computer peripherals and accessories from 1999. The assembling facilities were taken over by RPIL with effect from April 2007. RPIL currently produces a range of desktop and notebook computers, under the brand name "Chirag" from its two assembling units located at Howrah (near Kolkata) and Parwanoo.

As per estimates, RPIL's net profit after tax (PAT) for 2008-09 stood at of Rs 308.9 million on a total income of Rs 5.13 billion as against a PAT of Rs 120.4 million on a total income of Rs 2.64 billion during 2007-08.

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