



Press Release

RTS Power Corporation Limited

November 13, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long term bank facilities*	17.44	IVR BB+/Stable; [IVR Double B Plus with Stable Outlook]	-	Assigned	Simple
Short Term Bank Facilities**	37.40	IVR A4+ (IVR A Four Plus)	-	Assigned	Simple
Total	54.84	Rupees Fifty-Four Crore and Eighty-Four Lakhs Only			

*CC has a sublimit of LC/Bill Discounting amounting to Rs. 2.00 Cr.

**Includes Rs.1.00 Cr. Proposed bank guarantee

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Valuation (IVR) has assigned long-term rating of IVR BB+ with a Stable outlook and short-term rating as IVR A4+ for the bank loan facilities of RTS Power Corporation Limited. The assigned rating takes into consideration the long track record of operations & extensive experience of the promoters, coupled with optimal working capital management. The rating derives strength from reputed clientele and healthy order book including both domestic as well as Export EPC contractors such as Larsen & Toubro (L&T) and other renowned companies. However, these strengths are partially offset by susceptibility of margins to fluctuations in raw material prices and overseas market demand due to which company witnessed a lower scale of operation as at FY24.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. IVR believes that RTS Power Corporation Limited will continue to benefit from its operational track record in the business.

IVR has principally relied on the standalone audited financial results of RTS Power Corporation Limited up to FY24 (refers to period April 1st, 2023, to March 31st, 2024) and projected financials for FY25, (refers to period April 1st, 2024, to March 31st, 2025) FY26



Press Release

(refers to period April 1st, 2025, to March 31st, 2026) and FY27 (refers to period April 1st, 2026, to March 31st, 2027), and publicly available information/ clarifications provided by the company's management.

Key Rating Sensitivities

Upward Factors

- Sustained improvement in revenue and profitability and improvement in the debt protection metrics, leading to improvement in overall liquidity profile of the company.
- Efficient management of working capital resulting in shortening of operating cycle.

Downward Factors

- Any significant decline in revenue and/or profitability.
- Deterioration in debt protection indicator / Capital Structure thereby impacting the debt protection indicators i.e. ISCR as well as DSCR below 1.50x on sustained basis.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Extensive experience of promoters in industry**
Mr. Rajendra Bhutoria and his cousin Mr. Abhay Bhutoria are the key promoters of RTS who have extensive experience of more than three decades in the industry and together they look after the overall affairs of the company.
- **Established track record of operations**
The company has an established clientele base and had set up its first plant at Jaipur for manufacturing transformers in 1971 and has, since 2006, forayed into manufacturing cables and conductors as well. The company has now manufacturing facilities in Jaipur, one at Agra & one at Dhulagarh, West Bengal apart from Wind Energy operation in Maharashtra & Rajasthan. Presently, RTS manufactures both power and distribution transformers as well as cables and conductors. Further, the company also manufactures compact sub-stations. RTS is an ISO 9001 Certified



Press Release

company and an approved vendor for all State Electricity Utilities in India as well as caters to various EPC players and export customers.

- **Moderate financial risk profile**

Tangible Net Worth of the company stood at Rs. 148.39 crore as on March 31, 2024, which increased from Rs. 143.95 crore as on March 31, 2023. The capital structure of the company stood moderately marked by an overall gearing ratio of 0.12x as on March 31, 2024, against 0.08x as on March 31, 2023, whereas TOL/TNW also stood at 0.45x as on March 31, 2024. Total debt/EBITDA stands at 4.27x in FY24 as against 0.85x in FY23 as well as Debt protection metrics such as Interest Coverage Ratio of 1.69x in FY24 as against 7.18x in FY23 and DSCR was 7.66x in FY23, which reduced to 3.38x in FY24 but still satisfactory/comfortable.

Key Rating Weaknesses

- **Elongated Operating Cycle**

The operating cycle of the company remained elevated to 211 days in FY24 as compared to 159 days in FY23 mainly on account of an increase in average inventory period days from 108 days in FY23 to 172 days in FY24

- **Relatively Low Operating Margin:**

EBIDTA margin was 7.06% in the FY24, down from 19.16% in the FY23 on account of lower realization of finished goods which ultimately leads to reduction in EBIDTA margin for the FY24 mainly due to low-margin contracts undertaken by the company to increase its overall order book size.

- **Highly fragmented and cyclical nature of the industry**

Highly competitive and fragmented transformers and cable and conductor industry along with susceptibility of the company's profitability to fluctuations in the raw material prices Transformer as well as cable and conductors' industry is highly fragmented with presence of many organized and unorganized players. Furthermore, due to the low entry barriers owing to low capital requirement and readily available technology, there are large numbers of organized and unorganized players present in the manufacture of both the segments.



Press Release

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Rating Methodology for Service Sector Companies](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

[Criteria for assigning rating outlook](#)

[Policy on default recognition & Post- Default Curing Period](#)

[Complexity level of rated instruments/facilities](#)

Liquidity – Adequate

The liquidity position of the company is expected to remain adequate as marked by gross cash accruals of Rs. 7.40 crore in FY24 (Audited) against negligible debt obligations of Rs. 0.33 crore. Its expected net cash accrual is in the range of Rs 8.06 crore – Rs. 14.88 crore during FY25-FY27. The bank limit remained utilised at ~50% during the last twelve months ended 31st August 2024. The Unencumbered Cash & cash equivalent of the company stands at Rs. 20.043 crore as on March 31, 2024. The current ratio remains comfortable at 1.87x as on March 31, 2024 (Audited)(PY: 2.51x). The Operating Cycle of the entity stood elongated at 211 days in FY24 as against 159 days in FY23 with increase in collection period of 97 days in FY23 to 144 days in FY24 and increase in inventory period from 108 days in FY23 to 172 days in FY24.

About the Company

RTS Power Corporation Ltd. (RTS) is a Kolkata based public limited company and is a part of the Kolkata based 'Bhutoria Brothers Group'. RTS was incorporated in 1947 as Bhanwarlal Bhutoria Pvt. Ltd. Later, the company's constitution was changed to public limited in 1984 and subsequently, the name was changed to the present name, RTS, in 1994. The company got listed in 1995.

RTS is involved in the manufacturing and installation of Single and Three phase Power Transformers (including Extra high voltage) having capacity 3.15 MVA to 25 MVA and Distribution transformers (including Dry-type transformers) having capacity 5 KVA to 3150 KVA as well as cables (XLPE/PVC Insulated Power & Control Cable, Aerial Bunched cables,



Press Release

railway signalling cables) and conductors (AAC, AAAC, ACSR) at its different manufacturing plants located at Jaipur (3 units), Howrah (1 unit) and Agra (1 unit).

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	68.62	57.46
EBITDA	13.15	4.06
PAT	9.83	4.43
Total Debt	11.16	17.30
Tangible Net Worth	143.95	148.39
EBITDA Margin (%)	19.16	7.06
PAT Margin (%)	13.38	6.92
Overall Gearing Ratio (x)	0.08	0.12
Interest Coverage (x)	7.18	1.69

*Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: None

Any other information: NA

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-2022
1.	Fund Based - Bank Facilities*	Long Term	17.44	IVR BB+/Stable; (IVR Double B Plus with Stable Outlook)	-	-	-
2.	Non-Fund Based - Bank Facilities**	Short Term	35.4	IVR A4+; (IVR A Four Plus)	-	-	-
3.	Fund Based - Bank Facilities	Short Term	2.00	IVR A4+; (IVR A Four Plus)	-	-	-

*CC has a sublimit of LC/Bill Discounting amounting to Rs. 2.00 Cr.

**Includes Rs. 1.00 Cr. Proposed bank guarantee

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Press Release

About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details



Press Release

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs Crore)	Rating Assigned/ Outlook
GECL	-	-	-	January 31, 2027	1.19	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)
Cash Credit*	-	-	-	-	5.00	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)
Cash Credit	-	-	-	-	8.00	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)
Cash Credit	-	-	-	-	3.00	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)
Secured Overdraft	-	-	-	-	0.25	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)
Bank Guarantee	-	-	-	-	2.00	IVR A4+ (IVR A Four Plus)
Foreign Bill Discounting	-	-	-	-	2.00	IVR A4+ (IVR A Four Plus)
Letter of Credit	-	-	-	-	1.00	IVR A4+ (IVR A Four Plus)
Bank Guarantee	-	-	-	-	16.50	IVR A4+ (IVR A Four Plus)
Letter of Credit	-	-	-	-	5.50	IVR A4+ (IVR A Four Plus)
Bank Guarantee	-	-	-	-	4.00	IVR A4+ (IVR A Four Plus)
Letter of Credit	-	-	-	-	3.00	IVR A4+ (IVR A Four Plus)
Bank Guarantee	-	-	-	-	2.00	IVR A4+ (IVR A Four Plus)
Letter of Credit	-	-	-	-	0.40	IVR A4+ (IVR A Four Plus)
Proposed Bank Guarantee**	-	-	-	-	1.00	IVR A4+ (IVR A Four Plus)

*CC has a sublimit of LC/Bill Discounting amounting to Rs. 2.00 Cr. each respectively

**Includes Rs.1.00 Cr. Proposed bank guarantee.

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-RTS-Power-nov24.pdf>

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

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.