



26th April, 2025

To,
Compliance Department
BSE Limited
Phiroze Jeejeebhoy Tower,
Dalal Street,
Mumbai- 400001

Scrip Code | 544291
ISIN Code | INE0VN801010

Sub : Intimation of Credit Rating(s) pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

Pursuant to the Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform that CRISIL Ratings Limited ("CRISIL") has assigned the rating of the Company as under through its communication dated 25th April, 2025.

Rating Action : -

Total Bank Loan Facilities Rated	Rs.193 Crore
Long Term Rating	Crisil BBB+/Positive (Reaffirmed and outlook revised to 'Positive')
Short Term Rating	Crisil A2 (Reaffirmed)

Copy of aforesaid press release issued by India Ratings is enclosed herewith in Annexure.

For Rajesh Power Services Limited

jyoti
daksheshkumar
mochi

Digitally signed by jyoti
daksheshkumar mochi
Date: 2025.04.26
19:38:35 +05'30'



Jyoti Dakshesh Mochi
Company Secretary and Compliance Officer

Encl: as above

Rajesh Power Services Limited

Ratings reaffirmed at 'Crisil BBB+ / Crisil A2 '; outlook revised to 'Positive'

Rating Action

Total Bank Loan Facilities Rated	Rs.193 Crore
Long Term Rating	Crisil BBB+/Positive (Reaffirmed and outlook revised to 'Positive')
Short Term Rating	Crisil A2 (Reaffirmed)

Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has revised its outlook on the long-term bank loan facilities of Rajesh Power Services Ltd (RPSL) to 'Positive' from 'Stable' while reaffirming its rating at 'CRISIL BBB+'. Short term rating has been reaffirmed at 'CRISIL A2'.

The change in outlook factors in the improvement in the business risk profile of the company. Revenue grew to Rs. 313.06 crores in fiscal H1FY2025, supported by healthy order book and improving operating margin. The financial risk profile is healthy, as reflected in estimated networth, gearing and total outside liabilities to adjusted networth ratio of Rs 283.2 crore, 0.05 time and 0.65 time, respectively, as on March 31, 2025. Liquidity continues to be strong, with moderately utilised bank lines, healthy expected cash accrual against negligible debt obligation and need-based funding support from the promoters to cover working capital requirement.

The ratings reflect the extensive experience of the promoters in the heavy electrical equipment and engineering, procurement and construction (EPC) industry along with the growing scale of operations, healthy operating margin and comfortable financial risk profile of the company. These strengths are partially offset by susceptibility to risks inherent in tender-based business and large working capital requirement.

Analytical Approach

Unsecured loan of Rs 51.76 crore as on as on March 31, 2024, from the promoters has been treated as 75% equity and 25% debt as the loan is subordinate to bank debt and may remain in the business over the medium term.

Crisil Ratings has considered the standalone business and financial risk profiles of RPSL.

Key Rating Drivers & Detailed Description

Strengths:

Longstanding presence in the construction industry: Experience of more than four decades in the heavy electrical equipment and EPC industry has enabled the promoters to build strong relationships with reputed customers such as Gujarat Energy Transmission Corporation Ltd and Uttar Gujarat Vij Company Ltd. The promoters have also diversified into the engineering, procurement, and construction (EPC) business and built a small, though highly profitable, solar division. RPSL has a healthy outstanding orderbook to be executed in the next 2-3 years provide healthy medium-term revenue visibility. Timely execution of these orders will remain a key rating sensitivity factor.

Increasing scale of operations and healthy operating margin: Revenue is expected to improve at healthy rate in fiscal 2025 and is likely to grow over the medium term supported by healthy order book and timely execution of orders. Operating margin is expected to remain 11-12% over the medium term.

Comfortable financial risk profile: The financial risk profile may continue to strengthen over the medium term in the absence of any large, debt-funded capital expenditure (capex). Networth, gearing and total outside liabilities to tangible networth (TOLTNW) ratio were Rs 123.12 crore, 0.34 time and 0.97 time, respectively, as on March 31, 2024. Debt protection metrics were comfortable, as indicated by interest coverage and net cash accrual to adjusted debt ratios of 4.74 times and 0.64 time, respectively, in fiscal 2024. The interest coverage ratio is expected to improve over the medium term with a sharp rise in revenue along with improvement in profitability.

Weakness:

Susceptibility to risks inherent in tender-based business: As the company derives its entire revenue from tender-based orders, its ability to successfully bid for projects is critical. Furthermore, intense competition necessitates aggressive bidding, compromising on the operating margin. Given the cyclicity inherent in the construction industry, the ability to maintain profitability through operating efficiency becomes critical. RPSL is also susceptible to the risk of end-user concentration in revenue as majority of the topline accrues from Gujarat.

Large working capital requirement: Operations will likely remain working capital intensive over the medium term. Gross current assets were at more than 215 days as on March 31, 2024, driven by receivables of 146 days and inventory of 53 days. Payables of 55 days partly support the working capital cycle. Ability of the company to efficiently manage its working capital cycle will remain monitorable.

Liquidity Adequate

Liquidity will remain supported by the surplus in cash accrual and bank lines. Bank limit utilisation was 60.66%, on average, for the 14 months through February 2025. Cash accrual is expected at Rs 70-80 crore per annum against yearly debt obligation of Rs 1-2 crore over the medium term. Current ratio was healthy at 1.87 times as on March 31, 2024. The promoters have extended need-based funds (equity and unsecured loan of Rs 51.76 crore as on as on March 31, 2024, to aid operations. Low gearing and moderate networth should boost financial flexibility.

Outlook Positive

RPSL will continue to benefit from improved operating efficiency and comfortable financial risk profile.

Rating sensitivity factors

Upward factors:

- Revenue more than Rs 1,500 crore and healthy operating margin leading to higher cash accrual
- Steady improvement in the working capital cycle

Downward factors:

- Larger-than-expected capex or further stretch in the working capital cycle, with TOLTNW ratio of 1.5 times
- Decline in revenue and/or profitability

About the Company

RPSL was set up as a partnership, Rajesh Traders, in 1971. The firm was reconstituted as a private limited company, Rajesh Power Services Pvt Ltd, in January 2010 and subsequently as a public limited company in June 2024. RPSL is a Class A turnkey contractor for Gujarat State Electricity Board and an authorised dealer for cable joining kits. In 2012, the company set up a 1-megawatt solar power plant in Patdi, Gujarat.

RPSL is listed on the SME platform of the Bombay Stock Exchange Ltd.

The company is promoted by Mr Rajendra Baldevbhai Patel, Mr Kurang Ramchandra Panchal, Mr Utsav Nehal Panchal and Mr Kaxil Prafulbhai Patel.

Key Financial Indicators

As on / for the period ended March 31		2024	2023
Operating income	Rs crore	284.97	208.03
Reported profit after tax (PAT)	Rs crore	26.02	6.70
PAT margin	%	9.13	3.22
Adjusted debt / adjusted networkth	Times	0.34	0.31
Interest coverage	Times	4.74	2.13

Status of non cooperation with previous CRA:

RPSL has not cooperated with India Ratings and Research Pvt Ltd, which classified the company as non-cooperative through release dated October 12, 2021. The reason provided by India Ratings and Research Pvt Ltd was non-furnishing of information for monitoring the ratings.

Any other information: Not applicable

Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Bank Guarantee	NA	NA	NA	142.00	NA	Crisil A2

NA	Cash Credit	NA	NA	NA	51.00	NA	Crisil BBB+/Positive
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Annexure - Rating History for last 3 Years

	Current			2025 (History)		2024		2023		2022		Start 2021
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	51.0	Crisil BBB+/Positive		--	11- 12- 24	Crisil BBB+/Stable	05- 07- 23	Crisil BBB/Stable	31- 05- 22	Crisil BBB/Stable	Crisil BBB/St
			--		--	15- 11- 24	Crisil BBB+/Stable	15- 06- 23	Crisil BBB/Stable		--	--
			--		--	25- 04- 24	Crisil BBB/Stable		--		--	--
Non-Fund Based Facilities	ST	142.0	Crisil A2		--	11- 12- 24	Crisil A2	05- 07- 23	Crisil A3+	31- 05- 22	Crisil A3+	Crisil A
			--		--	15- 11- 24	Crisil A2	15- 06- 23	Crisil A3+		--	--
			--		--	25- 04- 24	Crisil A3+		--		--	--

All amounts are in Rs.Cr.

Annexure – Details of Bank Lenders/Facilities

Facility	Amount (Rs. Crore)	Name of Lender	Rating
Bank Guarantee	83	HDFC Bank Limited	Crisil A2
Bank Guarantee	59	Union Bank of India	Crisil A2
Cash Credit	39	Union Bank of India	Crisil BBB+/Positive
Cash Credit	12	HDFC Bank Limited	Crisil BBB+/Positive

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