



Rating Rationale

Continental Trans Tech Private Limited

13th September 2017

Brickwork Ratings reaffirms/assigns BWR B+ (Outlook: Stable)/A4 for the enhanced Bank Loan Facilities of Rs. 16.80 of Continental Trans Tech Private Limited ('CTTPL' or 'the Company')

Particulars

Facilities Rated	Amount (Rs. Crs)		Tenure	Rating*	
	Previous	Present		Previous	Present
Fund Based					
Cash Credit	5.50	5.50	Long Term	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable <i>Reaffirmed</i>
Proposed Term Loan	-	1.30		-	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable <i>Assigned</i>
Non Fund Based					
Letter of Credit	4.00	3.00	Short Term	BWR A4 (Pronounced as BWR A Four)	BWR A4 (Pronounced as BWR A Four) <i>Reaffirmed</i>
Bank Guarantee	3.00	4.00		-	BWR A4 (Pronounced as BWR A Four) <i>Assigned</i>
Proposed Letter of Credit Proposed Bank Guarantee	-	1.00 2.00		-	
Total	12.50	Rs. 16.80 Crore (Rupees Sixteen Crore Eighty Lakh Only)			

Annexure I provides bank wise details of facilities

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Ratings reaffirmed (sanctioned facilities) and assigned (proposed facilities)



Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financials upto FY16, provisional financials of FY17, publicly available information and information/clarifications provided by the company's management.

The ratings reaffirmation continues to draw strength from the experienced management, demonstrated capabilities in implementing various electrical infrastructure development projects through joint ventures and established relationships with various state discoms. However, the ratings continue to be constrained by modest scale of operations, thin profitability, stretched liquidity due to high cash conversion cycle, tender based nature of business operations and working capital intensive operations.

Going forward, the ability of the company to increase its scale of operations, improve profitability, increase collections efficiency, strengthen its overall credit profile and manage its working capital efficiently will be the key rating sensitivities.

Rating Outlook: Stable

BWR believes **Continental Trans Tech Private Limited's** ('CTTPL' or 'the Company') business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

Key Rating Drivers

Credit Strengths

- **Experienced promoters and management:** Promoters and key management have over three decades of experience in this industry.
- **Demonstrated capabilities in implementing electrical infrastructure projects:** CTTPL has an established operational track record in implementation of various electrical projects viz., execution of turnkey electrical projects, renovation and modernization of sub-stations, erection of various DC lines, etc. The company has entered into joint venture agreement with companies like Sterlite Power Transmission Limited, PVR Constructions, Vaishnavi Electricals Private Limited, etc., to execute various projects.
- **Established relationships with state Discoms:** CTTPL has established relationships with discoms of Karnataka, Telangana and Andhra Pradesh



Credit Weaknesses

- **Modest Scale of Operations and below average financial profile:** CTTPL's revenue has remained modest with thin profitability. Financial profile is characterized by high gearing, moderate coverage indicators and stretched liquidity due to high receivables of around 137 days.
- **Tender based nature of operations:** Stiff competition results in pricing pressure and consequent low profitability.

Analytical approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

About the Company

Continental Trans Tech Private Limited ('CTTPL' of 'the Company) is an ISO 9001:2008 certified company, incorporated in 2010 in Hyderabad, Telangana. The company is a Special class contractor (Civil), Class I contractor (Electrical), engaged in implementation of electrical turnkey projects, infrastructure development projects, etc., for various discoms in Telangana, Karnataka and Andhra Pradesh.

Financial Performance

CTTPL's net revenue has marginally increased from Rs. 27.49 Crore for FY15 to Rs. 29.96 Crore for FY16. Profit after tax was Rs. 0.55 Crore for FY16 as against Rs. 0.24 Crore for FY15. Tangible Net worth was Rs. 3.42 Crore as on 31st March 2016. Total Debt to Tangible net worth stood at 2.46 times as on 31st March 2016. The company's receivables were stretched at 137 days as on March 31 2016. On a provisional basis, the company reported revenue of around Rs. 34 Crore for FY17.

The key financial indicators are summarized in Annexure II



Rating History for the last three years

Sl. No.	Instrument/ Facilities	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs. Cr)	Rating	2016 [^] (18 th Aug 2016)	2015	2014 ^{^^} (14 th Nov 2014)
1	Cash Credit	Long Term	5.50	BWR B+ (Outlook: Stable) <i>Reaffirmed</i>	BWR B+ (Outlook: Stable) <i>Upgraded</i>	-	BWR B (Outlook: Stable) <i>Reaffirmed</i>
2	Proposed Term Loan		1.30	BWR B+ (Outlook: Stable) <i>Assigned</i>	-	-	-
3	Letter of Credit	Short Term	3.00	BWR A4 <i>Reaffirmed</i>	BWR A4 <i>Reaffirmed</i>	-	BWR A4 <i>Reaffirmed</i>
4	Bank Guarantee		4.00			-	
5	Proposed Letter of Credit		1.00	BWR A4 <i>Assigned</i>	-	-	-
6	Proposed Bank Guarantee		2.00		-	-	-
Total			Rs. 16.80 Crore (Rupees. Sixteen Crore Eighty Lakh Only)				

[^] Amount Rated: Rs. 12.50 Crore

^{^^} Amount Rated: Rs. 12.50 Crore

Note: CTPL was assigned ratings of BWR B (Outlook: Stable)/A4 on 16th July 2013 for its bank loan facilities of Rs. 12.50 crore.

Status of Non Cooperation with Other CRA: Not Applicable.

Any other information: Not Applicable

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Infrastructure Sector](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)

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Annexure I

Continental Trans Tech Private Limited Hyderabad, Telangana

Name of the Bank	Facilities/Instrument	Tenure	Amount Rated (Rs. Crs)
State Bank of India ^{##} Warangal Main Branch, Warangal, Telangana	Fund Based:	Long Term	
	Cash Credit		5.50
	Proposed Term Loan	1.30	
	Non Fund Based:	Short Term	
Letter of Credit	3.00		
Bank Guarantee	4.00		
Proposed Letter of Credit	1.00		
	Proposed Bank Guarantee	2.00	
Total			16.80

^{##} Facilities sanctioned from State Bank of Hyderabad prior to merger with State Bank of India

Annexure II

Key Financial Parameters

(Rs. Cr)		FY15	FY16
		Audited	Audited
Revenue	Rs. Cr	27.49	29.96
EBIDTA	Rs. Cr	1.20	1.47
Profit After Tax	Rs. Cr	0.24	0.55
Tangible Net Worth	Rs. Cr	2.88	3.42
Total Debt : Tangible Net Worth	Times	2.92	2.46
Current Ratio	Times	1.27	1.73



For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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