



## Rating Rationale

APS Hydro Pvt Ltd

25Jan2019

Brickwork Ratings has reaffirms the ratings assigned to the bank loan facilities of Rs 30.00 Crs of APS Hydro Pvt Ltd ('AHPL' or the company) with negative outlook

### Particulars:

Facility	Amount (₹ Crs)		Tenure	Initial. (Feb, 2018)	Rating*
	Previous	Present and Proposed			Present
Fund based Cash Credit	10.00	10.00	Long Term	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable Assigned	BWR BB- (Pronounced as BWR double B Minus) Outlook: Negative (Revised from Stable) Reaffirmation
BG	20.00	20.00	Short Term	BWR A4+ (Pronounced as BWR A Four Plus) Assigned	BWR A4+ (Pronounced as BWR A Four Plus) Reaffirmation
<b>Total</b>	<b>30.00</b>	<b>30.00</b>	<b>INR Thirty Crores Only</b>		

<sup>1</sup> Please refer to BWR website [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the ratings \*

Note: The company has proposed enhanced limit of Rs. 1.00 Cr in Cash Credit and Rs. 14.00 Cr in Bank Guarantee. Proposal is yet to be sanctioned by the bank.

Note 2: The company has vehicle loans totaling to Rs.6.52 Cr for business purposes from Various financial institutions and banks, which is not a part of subject rating.

### Rating: Reaffirmed

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financials of the company upto FY18, **projected financials of FY19 and FY20**, publicly available information and information/clarifications provided by the management the company.

The rating draws strength from the promoters with two decades of experience, Revenues accounted as an increase from Rs 132.44 Crs in FY 17 to to Rs 150.86 Crs in FY18 and marginal increase in net profit margin from 3.60% in FY17 to 3.70% in FY18, the interest coverage indicator is satisfactory standing at



5.58 x in FY 18 .However the credit strength is offset by the constraints like huge balance of receivables outstanding as on 31.3.2018 totaling to Rs 157.90 Crs in the last 3 FYs to be received by the company from ERA Infra Engineering Ltd , for whom the company had completed the project work as a subcontractor. The outstanding receivables workout to 42.68% of the total contracted amount in the last 3 FYs with ERA Infra Engineering Ltd , the company also has payables to the extent of Rs.65.93 Crs as on 31.03.2018 to be settled. Further the net worth of the company stands at Rs 18.94 Crs, which may go into negative if the receivables are not settled, while the gearing with total outside liability is high at 5.42 times in FY18

### **Analytical approach**

While assigning the ratings, BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale)

### **Rating Outlook: Negative**

BWR believes that **APS Hydro Pvt Ltd** business risk profile will not be maintained over the medium term. The negative outlook indicates the present status of the overdue receivables and APS Hydro Pvt Ltd has reportedly put its claims to NCLT for an amount of Rs. 123.94 Crs to be recovered from ERA Infra Engineering Ltd. Out of the total claim submitted an amount of Rs.19.13 Crs has been verified by NCLT as on 4.1.2019 and verification for the remaining balance amount of Rs 104.81 Crs is currently under process. The rating outlook may be revised to positive incase the settlement of overdue receivables show sustained improvement and settlement risk is averted.

### **About the Company**

Delhi based APS Hydro Pvt Ltd. was incorporated in May 2003. The company undertakes civil construction work and hydroelectric projects mainly in Uttarakhand and Himachal Pradesh. Company is registered contractors of CPWD , MNRE , UJVN Ltd , SJVN Ltd , NPCC and PWD (Uttarakhand ) .Company is also engaged into road construction for Sadbhav Engineering and ERA Infra Engineering Ltd. Its registered office is located at FC-108, Tagore Garden, New Delhi.

### **Financial Performance of the Company**

The company reported Total Operating Income and PAT of Rs. 150.86 Cr and Rs. 5.59 Cr in FY18 and a revenue of Rs 132.44 Crs and PAT of Rs. 4.77 Cr in FY17 . Operating profit is Rs 14.01 Crs in FY18 and Rs.11.22 Crs in FY17, .Total debt stood at Rs. 33.13 Cr as on 31.3. 2018 and Rs.32.40 Cr as on 31.3. 2017.

**Rating History for the last three years:**

Sl No	Facility	Current Rating ( 2019)			Rating History		
		Type	Amount (Rs. Crs)	Rating	2.2.2018	2017	2016
1.	Cash Credit	Long Term	10.00	<b>BWR BB- Pronounced as BWR Double B Minus) Outlook: Negative (Revised from Stable, Reaffirmed</b>	<b>BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable Assigned</b>	<b>Not rated</b>	<b>Not rated</b>
2.	BG	Short Term	20.00	<b>BWR A4+ (Pronounced as BWR A Four Plus) Reaffirmed</b>	<b>BWR A4+ (Pronounced as BWR A Four Plus) Assigned</b>	<b>Not rated</b>	<b>Not rated</b>
Total		<b>30.00 (Rupees Thirty Crores Only)</b>					

*Status of non-cooperation with previous CRA: Not to our Knowledge ,  
Any other information: Nil*

**Hyperlink/Reference to applicable Criteria:**

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

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### Key Financial Indicators

Particulars	Unit	FY 17 Audited	FY 18 Audited
<b>Total Operating Income</b>	<b>Rs. Cr</b>	132.44	150.86
<b>OPBDIT</b>	<b>Rs. Cr</b>	11.22	14.01
<b>PAT</b>	<b>Rs. Cr</b>	4.77	5.59
<b>Tangible Net Worth</b>	<b>Rs. Cr</b>	13.36	18.94
<b>Total Debt/ Tangible Net Worth</b>	<b>Times</b>	2.43	1.75
<b>Current Ratio</b>	<b>Times</b>	1.25	1.11

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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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

#### About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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