



Rating Rationale

APS Hydro Pvt Ltd.

2 Feb 2018

Brickwork Ratings assigns ratings for the long term and short term bank loan facilities of APS Hydro Pvt. Ltd.

Particulars

Facility Rated#	Current Review Amount (Rs. Crs)	Tenure	Rating
Fund Based Cash Credit	10.00	Long Term	BWR BB- (Pronounced as BWR Double B Minus) Outlook : Stable
Non Fund Based BG	20.00	Short Term	BWR A4+ (Pronounced as BWR Single A Four Plus)
Total	Rs 30.00 Crores (INR Thirty Crores Only)		

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

Long term rating assigned BWR BB- (Outlook Stable). Short term rating assigned BWR A4+.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

While assigning the ratings for *APS Hydro Pvt. Ltd.* (APShPL or 'the Company'), BWR has factored in extensive experience of the promoters in the civil construction business, continuity in inflow of orders and maintaining moderate profitability margins . At present, the Company has a current order book position of ~ ₹ 476.88 crores which is likely to be completed within the next financial year. However, the rating is constrained by intensely competitive nature of business, moderate scale of operations and high gearing. Further, the company is solely dependent on successful bidding for contracts through tenders floated by government departments for its operating revenues.

Key Rating Strengths

- **Improvement in Top Line:** Over the last 3 years, the company has shown consistent growth in operating revenues from Rs. 60.01 Crs in FY15 to Rs. 132.44 Crs in FY17. Turnover of the company has increased by 52 % from Rs 86.67 Cr in FY16 to Rs 132.44 Cr in FY17.
- **Improvement in profitability margins:** The company has shown consistent growth in profitability margins over the past three years. PAT margins have also improved from 2.11% in FY15 to 3.23% in FY16 to 4.77% in FY17.
- **Improved Tangible Net Worth(TNW):** The company has moderate TNW of Rs 13.36 Cr in FY17 which improved from Rs.8.34 Cr in FY16.

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- **Continuity in inflow of orders:** The company has works in hand as on date of Rs.476.86Cr which will be completed over the next financial year.
- **Experienced promoters:** The promoters have been in this business since 2003.

Key Rating Weaknesses

- **Tender based business and intense competition from peers:** The company is solely dependant on successful bidding for contracts through tenders floated by government departments.
- **High Gearing (TOL:/TNW):** The company's gearing ratio deteriorated in FY17 to 4.45x from 3.34x in FY16 owing to increase in inflow of orders , company had to increase its borrowings.

Analytical Approach:

BWR has factored in the standalone business parameters and financial risk profile of the company to arrive at the rating. Reference may be made to the Rating Criteria hyperlinked below.

Rating Outlook: Stable

BWR believes the **APS Hydro Pvt. Ltd's** 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.

About the Firm

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) . The company is also engaged into road construction for Sadbhav Engineering and ERA Infra Engineering Ltd.

Company's Financial Performance

Particulars	Units	FY2016 (Audited)	FY2017 (Audited)
Net Sales/Revenue	Crores	86.67	132.44
EBIDTA	Crores	7.69	11.22
PAT	Crores	3.23	4.77
TNW	Crores	8.34	13.36
TOL : TNW ratio	Times	3.34	4.45
Current Ratio	Times	1.38	1.25

Total operating income of the company has improved from Rs. 86.67 Cr in FY16 to Rs 132.44 Cr in FY17 and PAT has improved from Rs.3.23 Cr in FY16 to Rs 4.77 Cr in FY17.



Rating History for the last three years: (including withdrawn/suspended ratings)

S.No.	Instrument/ Facility	Current Rating (FY2018)			Rating History	
		Type	Amount (Rs Crs)	Rating	FY2017	FY2016
1.	Cash Credit (CC)	Long Term	10.00	BWR BB- Outlook : Stable	-	-
4	BG	Short Term	20.00	BWR A4+		
	Total		Rs 30.00 Crores (INR Thirty Crores Only)			

FY refers to the period from 1st April to 31st March each year

Status of non-cooperation with previous CRA (if applicable) – NA

Any other information – NIL

Hyperlink/Reference to applicable Criteria

- **General Criteria**
- **Approach to Financial Ratios**
- **Manufacturing Companies**
- **Short Term Debt**

Analysts	Media
Mr. Ashwini Mital Sr. General Manager	media@brickworkratings.com
analyst@brickworkratings.com	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

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.

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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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