



## Rating Rationale

Adarsha Global Build Projects Pvt Ltd.

27 November, 2017

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of Rs.6.00 Crs of Adarsha Global Build Projects Pvt Ltd. (AGBPPL or the 'Company'):

### Particulars

Bank Facility	Present Limits (₹ Cr)	Tenure	Rating
Working Capital	5.50	Long Term (Fund Based)	<b>BWR B</b> (Pronounced BWR Single B)  <b>Outlook- Stable</b>
Bank Guarantee	0.50	Short Term (Non-Fund Based)	<b>BWR A4</b> (Pronounced BWR A Four)
<b>Total</b>	<b>6.00</b>	<b>(INR Six Crores Only)</b>	

Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

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

BWR has essentially relied upon the firm's audited financial results upto FY17 and publicly available information and the information/clarifications provided by the firm.

The ratings draws strength from experience of management in the construction business and support from group company. However, the rating is constrained by decrease in scale of operations, negative profit margin and company's low current ratio.

Going forward, the ability of the firm to increase the turnover levels and profitability, increase its scale of operations, improve its financial risk profile and manage its working capital efficiently will be the key rating sensitivities.

27 November, 2017



## **Key Rating Drivers:**

### **Credit Strength**

**Experience of management:-** Mr. G S Prakash is the Managing Director of the company with an experience of 30 years in the construction business.

**Support from group companies:-** The company has 2 other group companies- Adarsha Chemicals and Adarsha Hospitals.

### **Credit Weakness**

**Decrease in Revenue:-** AGBPPL has reported a net revenue of Rs. 31.22 Cr in FY17 against Rs.65.81 Cr in FY16.

**Negative profit margin:-** Company's net profit margin stood at -10.71% in FY17.

**Low current ratio:-** The concern has a low current ratio at 0.71 times in FY17 signifying crunch in liquidity.

## **Analytical Approach (Wherever applicable):**

Ratings have been based on the undernoted hyperlinked rating criteria.

### **Rating Outlook: Stable**

BWR believes the **Adarsha Global Build Projects Pvt Ltd.** 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 Company**

Adarsha Global Build Projects Pvt Ltd is based out in Bangalore, Karnataka and was established in the year 2012. Mr. G S Prakash is the managing director of the company. The company works as a civil contractor and is engaged in construction of roads, drains etc. Moreover, the concern is also involved in construction of commercial and residential buildings.



### Company's Financial Performance

The company reported a net revenue from operations of Rs. 31.22 Crs in FY17 and Rs. 65.81 Crs in FY16. The company has net profit margin of -10.71% in FY17 and operating profit margin of -7.09% in FY17.

### Rating History for the last three years

Sl. No.	Instrument/ Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/ Short Term)	Amount (Rs Crs)	Rating	2016	2015	2014
1	Working Capital	Long Term	5.50	BWR B	NA	NA	NA
2	Bank Guarantee	Short Term	0.50	BWR A4			
Total		Rs 6.00 Cr (INR Six Crores Only)					

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Rating Criteria for Manufacturing Companies](#)

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### Annexure

Key Parameters	FY16 (Audited)	FY17 (Audited)
Net Sales	65.81	31.22
EBITDA	-1.44	-2.27
PAT	-2.62	-3.43
Tangible Networkth	0.43	-3.01
Current Ratio	0.94	0.71

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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**

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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.

#### **DISCLAIMER**

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