



Rating Rationale

Aditya Construction Company Private Limited

02nd March 2017

Brickwork Ratings assigns ratings for Aditya Construction Company Private Limited's Bank Loan facilities aggregating Rs. 204.00 Crs

Particulars

Facility Rated	Amount # (Rs. Crs)	Tenure	Rating [^]
Fund Based			
Term Loan (Existing)	62.00	Long Term	BWR BBB- (Pronounced BWR Triple B Minus) Outlook: Stable Assigned
Term Loan (Proposed)	142.00		
Total	Rs. 204.00 Crores (Rupees Two Hundred and Four Crores Only.)		

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

Annexure provides details of bank wise facilities

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financials of Aditya Construction Company India Private Limited upto FY16, projected cash flows upto FY19, publicly available information and information/clarifications provided by the management.

The rating derives comfort from the experienced management, established position of the Aditya group in the real estate market in Hyderabad (delivered more than 1 million sq. ft.), locational advantages of the various projects, medium term revenue visibility and group synergies. The rating, however, is constrained by the moderate scale of operations, geographical concentration in revenue, average financial risk profile, exposure to risks associated with cyclicity in the real estate industry and project implementation and execution risks in the ongoing projects.

Going forward, the Company's ability to ensure implementation of projects within estimated cost and time parameters, ensure significant saleability of units, raise customer advances as proposed, generate adequate cash flows to meet financial obligations and maintain its credit profile, especially liquidity, would remain the key rating sensitivities.



Rating Outlook: Stable

BWR believes ACCIPL'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 margins show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and margins show lower than expected figures.

About the Company

Incorporated in 2006, Aditya Construction Company India Private Limited is the flagship company of the 'Aditya Group' of companies, based out of Jubilee Hills, Hyderabad. The Group was formed in 2002. 'ACCIPL' is engaged in the construction and development of residential and commercial projects, mainly Real Estate Townships. The Company has developed more than six million sq. ft., comprising 27 Residential Projects in Hyderabad, Visakhapatnam, Vijayawada, Kakinada, Guntur etc. The Projects completed by the Company are located in prime locations such as Jubilee Hills, Film Nagar etc. namely, 'Hill Top Residency', 'Aditya Swapnalok', 'Aditya Hill Paradise', 'Aditya Park View', 'Aditya Odyssey' etc. The Company is currently executing eight projects in Hyderabad and Vizag.

Out of the 8 residential projects currently under implementation, ACCIPL's flagship residential project is 'Empress Tower Annexe', which is being implemented at an estimated cost of ~Rs. 290 Crs. The project would comprise of three towers with total of 506 flats, comprising of 3 BHKs. This is proposed to be partly financed by the proposed term loan of ~Rs. 142 Crs, promoters' contribution of ~Rs. 74 Crs and advances from customers of ~Rs. 91 Crs. As on date, promoters' contribution and advances from customers are ~Rs. 51 Crs and ~Rs. 24 Crs. respectively. The project is expected to be completed by 2019.

Aditya Housing & Infrastructure Development Corporation Pvt. Ltd., a group company of 'ACCIPL' (ACCIPL holds 100% stake in the Company) is also engaged in real estate construction and development.

Mr. Thota Satyanarayana, Mr. Rajesh Pagadala, Mr. Satyanarayana Yerukonda and Mr. Mallikarjunarao Bayrisetty are the current Directors of the Company. Dr. Thota Chandra Sekhar is the advisor to the Board of Directors.

Financial Performance

Against operating income of Rs.70.29 Crs in FY15, 'ACCIPL' reported operating income of Rs. 71.42 Crs in FY16. PAT for FY16 was Rs. 1.05 Crs against Rs. 1.11 Crs in FY15. On a provisional basis, for 9MFY17, the Company reported operating income of Rs. 60.46 Crs. Value of projects under execution by the Company is ~Rs. 1231 Crs, providing revenue visibility.



Aditya Construction Company India private Limited

Rating History for the last three years:

SI No	Instrument/ Facility	Current Rating (Feb, 2017)			Rating History		
		Type	Amount (Rs. Crs)	Rating	2016	2015	2014
1	Fund Based (Existing & Proposed)	Long Term	204.00	BWR BBB- (Outlook: Stable)	Not Rated	Not Rated	Not Rated

Hyperlink/Reference to applicable Criteria:

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

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Aditya Construction Company India private Limited
Annexure – Details of Rated Facilities

Banking Arrangement	Facilities (in Rs. Crs)	
	Term Loan Existing/Outstanding	Term Loan Proposed
Syndicate Bank	30.00	-
LIC Housing Finance Limited	25.00	-
Reliance Home Finance Limited	7.00	-
Proposed	-	142.00
Sub Total	62.00	142.00
Total		204.00

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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