



Rating Rationale

Senthil Construction Corporation Pvt. Ltd

14 Feb 2018

Brickwork Ratings reaffirms the rating for the Bank Loan Facilities of Senthil Construction Corporation Pvt. Ltd

Particulars

Facility rated	Amount in Crs		Tenure	Previous Rating (November 2016)	Present Rating
	Previous Limits	Present Limits			
Fund Based Secured Overdraft	7.39	7.39	Long Term	BWR BB+ (Pronounced BWR Double B plus) (Outlook : Stable)	BWR BB+ (Pronounced BWR Double B plus) (Outlook : Stable) Reaffirmation
Secured Overdraft (Proposed)	2.61*	2.61#			
Non-Fund Based Bank Guarantee	7.50	7.50	Short term	BWR A4 Pronounced BWR A Four	BWR A4 (Pronounced BWR A Four) Reaffirmation
Bank Guarantee (proposed)	7.50*	7.50#			
Total	25.00	25.00	(INR Twenty Five Crores Only)		

* Bank limits not sanctioned earlier

#There will be interchangeability between proposed fund based & non-fund based limits

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

Ratings: Reaffirmation of long term facilities and short term facilities

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results up to FY17, projected financials up to FY19 and publicly available information and information/clarifications provided by the company.

The ratings reaffirms has, inter alia, factored the promoters' track record in the construction industry, infusion of additional capital during FY17 through conversion of unsecured loans, reputed clientele and good order book position indicating medium term revenue visibility. The ratings are constrained by moderate scale of operations, low track record of operations, high



receivables and decline in profit margins. Going forward, the ability of SCCPL to execute the order book in a timely manner while sustaining profitability margins, realize its receivables in a timely manner, and manage working capital efficiently will be the key rating sensitivity factors

Rating Outlook: Stable

BWR believes that 'Senthil Construction Corporation 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.

Key rating drivers:

Experience of the promoters:

Ms.Vivitha Senthilkumar and Ms.Kavitha Arumugasamy have been inducted as directors in the management and Sri.O.Arumugasamy and Sri. A. Senthil Kumar, the other two directors have since resigned. The Directors have wide managerial experience. Dr.R.Ramkumar has been appointed as Executive Director and has more than three decades of experience in construction and real estate.

Healthy Order Book Position: The company has pending order book is of Rs.291.97 cr. and the company is confident of achieving projected sales for FY18.

Infusion of additional capital: An amount of Rs.11.69 crs being unsecured loan from their group company M/S. Senthil Building Materials Manufacturing Company Pvt.Ltd. has been converted into 1,79,782 convertible preference shares of Rs.100 each at a premium of Rs.550/- per share.

High receivables days and decline in profit margins Receivable days stood at 109 days as on FY17. Profit Margin has declined to 0.18% in FY17 from 1.77% in FY16.

About the Company

Senthil Construction Corporation Private Limited (SCCPL) operating since 2012 has its Registered Office in Coimbatore and Corporate Office in Chennai. The company has been involved in civil construction for building of institutional, residential, commercial buildings, factories and industrial complexes. The company employs over a hundred professionals and over 750 skilled workmen.



Company's Financial Performance

SCCPL has reported a profit after tax (PAT) of Rs.0.09 crs. on Net Sales of Rs.49.81 crs. for FY17 as against profit after tax (PAT) of Rs.0.78 crs. on Net Sales of Rs.44.05 crs for FY16. As confirmed by the company, the revenue achieved from April'17 to Dec'17 is Rs.35.00 crs.

Key Financials:

Particulars	FY16 Audited	FY17 Audited
Net Revenue (Rs.Crs)	44.05	49.81
EBITDA (Rs.Crs)	2.63	2.14
PAT (Rs.Crs)	0.78	0.09
Tangible Net Worth (Rs.Crs)	3.74	22.54
Total Debt/TNW (Times)	8.28	0.55
Current Ratio (Times)	1.30	1.27

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

Sl. No.	Instrument/Facility	Current Rating (Year 2018)			Rating History		
		Type(Long Term/Short Term)	Amount (Rs Crs)	Rating	2017	November 18, 2016	June 25, 2015
1	Secured Overdraft	Long term	7.39	BWR BB+	NIL	BWR BB+	BWR BB
2	Secured Overdraft (proposed)	Long term	2.61	Outlook : Stable Reaffirmation		Outlook : Stable	Outlook : Stable
3	Bank Guarantee	Short Term	7.50	BWR A4	NIL	BWR A4	BWR A4
4	Bank Guarantee(proposed)	Short Term	7.50	Reaffirmation		BWR A4	BWR A4
	Total		25.00	INR Twenty Five Crores Only			



Status of non-cooperation with previous CRA (if applicable) –Not Applicable

Any other information: Not Applicable

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

Analytical Contacts	Media
Relationship Contact	
Media	
Relationship Contact	
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.

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.

DISCLAIMER

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