

## Rating Rationale

### Brickwork Ratings assigns the rating 'BWR B-' & 'BWR A4' to Bank Loan Facilities aggregating ₹14.96 Cr of Seven Hills Project Pvt. Ltd

Brickwork Ratings has assigned the following **Ratings**<sup>1</sup> to the Bank Loan Facilities aggregating ₹14.96 Cr of Seven Hills Project Pvt. Ltd sanctioned by State Bank Of India:-

Facility	Limits (₹ Cr)	Tenure	Rating
<b>Fund Based</b>			
Cash Credit	<b>6.50</b>	<b>Long Term</b>	<b>BWR B-</b> (Pronounced BWR B Minus)  <b>Outlook - Stable</b>
Term Loan	<b>2.40</b>		
SME Loan	<b>0.06</b>		
Standby Line Of Credit	<b>1.00</b>		
<b>Non-Fund Based</b>			
Bank Guarantee	<b>5.00</b>	<b>Short Term</b>	<b>BWR A4</b> (Pronounced BWR A Four)
<b>Total</b>	<b>14.96</b>	<b>INR Fourteen Crores &amp; Ninety Six Lakhs only</b>	

BWR has principally relied upon the audited financial results up to FY14 and the publicly available information and information/clarifications provided by the company's management.

The rating, here reflects the decline in revenues for FY14, adverse capital structure marked by high external debt comprising of term liability, stretch liquidity due to long days of receivables making operations working capital intensive, increased interest cost not accompanied by cash accruals resulting in decline in coverage and the business of coal mining (excavation and overburden) and transportation being exposed to regulatory which have undergone major change in recent years.

However, rating factors in the long existence of the company in the mining sector, experience of the promoters, increase in net worth and strong operating profit.

#### Background:

The company "Seven Hills Project Pvt Ltd" was founded by Mr.Gaya Singh 35 years ago as a proprietorship concern in the region of Bhandara district, Maharashtra and was changed to a partnership concern in 2009. It was again reconstituted into private limited company in 2011. It is mainly engaged in the activity of removing overburden coal mines and coal extraction for all public companies and also undertakes civil contract works like road projects, canal building etc.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

The raw material coal is extracted from the coal mines situated in Dhanbad, Jharkhand. The company majorly gets work contracts from BCCL (Bharat Coking Coal Limited), Western Coalfields Limited (WCL), B.S. Ispat etc for the for mining activities.

**Management Profile:**

The directors of the company are Mr. Gaya Singh, Mr. Ramesh Singh, Mr. Rajesh Singh and Mr. Sudama Singh. They are all experience in the field of mining.

**Financial Performance:**

During FY14, the total revenue of the company was ₹17.59 Cr which has decreased compared to last year. The net profit margin is 5.70% and operating profit margin of 31.04 % in FY14. The current ratio is 1.63 times as on FY14. The debt equity ratio is 5.17 times. The networth is ₹5.70 Cr in FY14.

**Rating Outlook:**

Going forward, the ability of the company to improve its capital structure, working capital cycle, increase its revenue and debt protection will remain the key rating sensitivities.

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