

Rating Report

Brickwork Ratings has upgraded the Long term rating to ‘BWR BBB -’ and the Short term rating to ‘BWR A3’ for Bank Credit Facilities of Alectra Construction Limited.

Brickwork Ratings has upgraded the **Ratings¹** for Bank Credit Facilities sanctioned by State Bank Of India aggregating Rs. 22.60 Crores of Alectra Construction Limited (‘ACL or the Company’) as follows:

Facilities	Previous Amount (₹ Cr)	Present Amount (₹ Cr)	Tenure	Previous Rating (July 04, 2014)	Present Ratings ¹
Cash Credit	4.00	4.00	Long Term	BWR BB+ (Outlook:Stable)	BWR BBB- (Upgraded) (Outlook: Stable)
Stand By Line of Credit	0.60	0.60	Short Term	BWR A4+	BWR A3 (Upgraded)
Bank Guarantee	18.00	18.00			
Total	22.60	22.60	(INR Twenty Two Crores and Sixty Lakhs only)		

BWR has essentially relied upon the audited financials of FY12, FY13 and FY14, provisional for FY15 and projections for FY16 and FY17, publicly available information and information/clarification provided by the Company’s management. The rating continues to factor the established position of the Company in the industry since 1982 with significant share in the local domestic market, vast experience of more than three decades of the management in the same line of business, healthy operating margins, low gearing, moderate net worth as compared to scale of operations and healthy revenue visibility for next two years. However, the ratings are constrained by the tender based nature of the business, high working capital intensive nature of operation and susceptibility to any adverse variation in the prices of raw materials.

Company Profile: Alectra Construction Limited was established in the year 1982 as a partnership firm and later in 2004, it was reconstituted as a public limited Company. The

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Company is currently engaged in the civil construction work under NHAI, RCD, PWD and NHPC in Bihar.

The Company is registered as class A1 contractor under contractor list of Government of Bihar. Apart from Alectra Construction Limited (ACL), the Group consists of Mani Cold Storage Private Limited, wholly owned subsidiary of ACL, management of which is also in the hands of the management of ACL.

Management: The management is led by Mr. Anil Kumar Singh, Managing Director, B.E.(Civil) by qualification and his son Mr. Dhananjay Singh, MBA by qualification. The other two directors, Ms. Rashila singh (w/o of Mr. Anil Kumar Singh) and Ms. Archana Singh (w/o Mr. Dhananjay singh) are not participating in the day to day activity of the Company.

Financial Performance: During FY15 (Prov.), the Company has reported a revenue of Rs. 107.60 Crs as against Rs. 95.78 Crs in FY14 (Aud.) and Rs. 42.14 Crs in FY13 (Audited). The net profit of the Company has increased to Rs.6.31 Crs in FY 15(Prov.) as against Rs. 4.99 Crs in FY 14 (Aud.) and Rs. 1.68 Crs (Aud.) in FY 13. The Leverage of the Company stood at 0.25 times in FY 15 (Prov.) as against 0.37 times in FY 14(Aud.). The Company has reported a net worth of Rs. 23.49 Crs in FY 15(Prov.) as against Rs. 17.17 Crs in FY 14 (Aud.).

* **Financial details are as per Annexures – I, II and III.**

Credit Risk Factors: The Established presence of the Company in the industry since 1982 with significant share in the local domestic market , vast experience of the management in the same line of the business, healthy operating margins, low financial leverage and moderate net worth are the positive factors for the Company. On the other hand, the tender based nature of the business which may affect the business of the Company, and high working capital intensive nature of the business are limiting factors. The tender conversion ratio of the Company will play a pivotal role to further improve its order book position.

Rating Outlook: The outlook is expected to remain stable over the next twelve months. The Company needs to analyze the market for improving the turnover and also manage its working capital efficiently, for better results. Further the ability of the Company to achieve projected financial, improving the tender conversion ratio, and further improving the order book position would be the key rating sensitivities for the Company.

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Annexure – I
Alectra Construction Limited- Annual Review – BLR – Rs. 22.60 Crs
Profit and Loss Statement.

Profit and Loss Account			
Crores	FY 12	FY 13	FY 15
Result Type	Audited	Audited	Audited
Gross Sales	48.00	42.14	95.78
Net Sales	48.00	42.14	95.78
Total Operating Income	48.00	42.14	95.78
Raw Material Consumed	31.78	26.15	57.98
Change In Inventory (Increase)/Decrease	-0.05	0.02	-0.55
Employee Cost	12.40	10.71	23.71
Manufacturing Expenses	0.11	0.00	0.00
Cost of Goods Sold	44.24	36.88	81.14
Selling, General and other Administrative	0.24	1.48	5.78
Miscellaneous Expenditure written Off	0.00	0.00	0.00
Operating Expenses	44.48	38.36	86.92
OPBDIT	3.52	3.78	8.85
Depreciation/Amortization/Impairment	0.25	0.26	0.70
OPBIT	3.27	3.52	8.16
Interest and Finance Charges	0.82	1.26	1.15
OPBT	2.45	2.27	7.00
Non Operating Income(Expenses)	0.20	0.16	0.37
PBT	2.65	2.42	7.38
Provision for Taxes	0.89	0.75	2.39
PAT	1.76	1.68	4.99

Annexure – II
Alectra Construction Limited- Annual Review – BLR – Rs. 22.60 Crs
Balance Sheet .

Balance Sheet			
Crores	FY 12	FY 13	FY 15
Result Type	Audited	Audited	Audited
Liabilities			
EQUITY AND RESERVES	10.51	12.19	17.17
Share capital	2.00	2.00	3.60
Share Application money Pending allotment	1.60	1.60	0.00
Reserves and Surplus	6.91	8.59	13.57
Non-current liabilities	0.67	0.50	2.28
Long-Term Borrowings	0.67	0.49	2.27
Deferred tax Liabilities (Net)	0.00	0.01	0.01
Current liabilities	9.79	11.50	10.81
Short-Term Borrowings	4.99	3.91	4.08
Trade Payables	3.32	0.00	0.00
Other Current Liabilities	0.57	6.85	4.36
Short-Term Provisions	0.90	0.74	2.37
Total Liabilities	20.97	24.19	30.26
ASSETS			
Non-current assets	2.37	2.34	4.55
Net Fixed assets	2.37	2.34	4.55
Current assets	18.60	21.85	25.72
Current Investments	2.77	14.18	15.52
Inventories	0.06	6.92	1.72
Trade Receivables < Six Months	4.37	0.00	5.75
Cash and Cash Equivalents	0.20	0.43	2.20
Short-Term Loans and Advances	0.47	0.04	0.05
Other Current Assets	10.73	0.29	0.48
Total Assets	20.97	24.19	30.26

Annexure – III

Alectra Construction Limited- Annual Review – BLR – Rs. 22.60 Crs

Key Financial Ratios.

Key Financial Ratio		FY 12	FY 13	FY 15
		Audited	Audited	Audited
Total Debt	Rs. Cr	5.66	4.40	6.36
Tangible Net Worth	Rs. Cr	10.51	12.19	17.17
Total Debt/TNW	Times	0.54	0.36	0.37
TOL/TNW	Times	0.99	0.98	0.76
ISCR	Times	4.29	3.01	7.68
DSCR	Times	3.45	2.36	5.59
Net Cash Accruals/Total Debt	Times	0.35	0.44	0.90
Net Profit Margin	Percent	3.67	3.98	5.21
Operating Profit Margin	Percent	7.33	8.97	9.24
ROCE	Percent	40.46	21.50	40.64
Current Ratio	Times	1.90	1.90	2.38
Days Receivables	Days	33	19	11
Days Inventory	Days	0	35	19
Days Payable	Days	38	23	0
Conversion Cycle	Days	-4	30	30

(As per BWR calculations)