

Rating Report

Brickwork Ratings revises the rating to “BWR BBB/A3+” for the enhanced Bank Loan Facilities aggregating Rs. 250 Cr (enhanced from Rs. 110 Cr) of Amrutha Constructions Pvt Ltd.

Brickwork Ratings (BWR) has revised the **Ratings**¹ for the Bank Loan Facilities of Amrutha Constructions Private Limited (ACPL).

Facility*	Previous Limits (₹ Crs)	Enhanced Limits (₹ Crs)	Tenure	Earlier Rating	Revised Rating
Fund Based Cash Credit Limit	35.00	65.00	Long Term	BWR BBB- (Pronounced as BWR Triple B Minus) Outlook: Stable (Aug,2014)	BWR BBB (Pronounced as BWR Triple B) Outlook: Stable
Non Fund Based Bank guarantee	75.00	185.00	Short Term	BWR A3 (Pronounced as BWR A Three) (Aug,2014)	BWR A3+ (Pronounced as BWR A Three Plus)
Total	110.00	250.00	INR Two Hundred & Fifty Crores only		

BWR has principally relied upon the company’s audited financial results up to FY15 and projections up to FY17, publicly available information and information/clarification provided by the management.

The ratings have factored in the experience of the management in the Construction industry, established track record of the company, consistent growth in revenues and profitability, healthy order book position ensuring revenue visibility upto FY17, moderate financial profile, adequate liquidity and strong debt protection metrics. However, the rating is constrained by increasing debt levels, geographic concentration in the revenue stream, and inherent risks associated with the sector.

Background

Amrutha Constructions Pvt Ltd was established as a proprietorship concern known as P.Venkateshwara Rao & Co in 1985 and later got converted into a Private Limited Company in 2006.

The Company started with executing the Irrigation works for Minor and Major Irrigation departments of Karnataka. Gradually it started handling bigger Infrastructure and Construction

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

Projects for clients like KBJNL (Krishna Bhagya Jala Nigam Ltd,) KNNL (Karnataka Neeravari Nigam Ltd,) CNNL (Cauvery Neeravari Nigam Limited) KIADB (Karnataka Industrial Area Development Board) and Irrigation departments of Karnataka.

The Company is registered as a Class - I Special Contractor with all these Government Departments and is also registered as Special Class - I contractor with Irrigation Department, Government of Telangana & AP. ACPL currently has an outstanding order book position of Rs. 750.00 Crs as on December 31, 2015 and L1 Order in pipeline worth of Rs. 650.00 Crs.

Management Details:

Mr. P. Venkateshwara Rao, the promoter as well as one of the directors of the Company, is Graduate in Science with an experience of 25 years holding about 49% shares of the Company. Ms. P. Padmavathi is another director of the company. She is also a Graduate in Science with an experience of 15 years holding 8% shares of the company. The remaining two directors are Ms. P. Amrutha and Ms. P. Amala who are MBA and BE respectively. Each of them holds 8% shares of the company. The remaining shares are held by Mr. Ravi Raju Bose who is associated with Bose Infra Energy India Private Limited and his relatives.

Financial Highlights:

The company recorded Net Revenue of Rs. 514.49 Crs for FY15 when compared to Rs 344.04crs in FY14 witnessing a growth of 50%. Net Profit Margin has almost doubled in FY15 to 26.73crs from Rs 13.87crs in FY14. For FY15, the Tangible Net Worth stood at Rs. 65.57 Crs against total debt of Rs 68.31crs resulting in a comfortable gearing of 1.04 times. The company has comfortable Debt protection metrics as reflected in ISCR of 2.76x and DSCR of 2.22x. As per the provisional financials for 9months ending 31st December,2015, the company has achieved a turnover of Rs 390 crs, has a total debt of Rs 104crs and Networth of Rs 90.55 crs resulting in a moderate gearing of 1.15x.

Rating Outlook:

The outlook is expected to be stable over the current year. Going forward, the ability of ACPL to achieve projected revenues with a healthy capital structure, expand geographic reach and diversify its customer base would be the key rating sensitivities.

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Amrutha Constructions Pvt Ltd
Annexure I – Profit & Loss Account Summary

Crores	FY13	FY14	FY15
Result Type	Audited	Audited	Audited
Gross Sales	228.94	344.04	514.49
Net Sales	228.94	344.04	514.49
Total Operating Income	228.94	344.04	514.49
Operating Expenses	212.40	312.55	465.18
OPBDIT	16.54	31.49	49.32
Depreciation	1.80	4.52	8.23
OPBIT	14.75	26.97	41.08
Interest and Finance Charges	3.93	7.30	17.90
OPBT	10.81	19.67	23.19
Non-Operating Income(Expenses)	0.70	1.39	18.01
PBT	11.51	21.06	41.20
Provision for Taxes	3.82	7.19	14.46
PAT	7.69	13.87	26.73

Amrutha Constructions Pvt Ltd
Annexure II – Balance Sheet Details

Crores	FY13	FY14	FY15
Result Type	Audited	Audited	Audited
Liabilities			
EQUITY AND RESERVES	26.12	40.00	65.57
Share capital	4.90	24.60	24.60
Reserves and Surplus	21.12	15.40	40.97
Non-current liabilities	15.93	46.15	44.91
Long-Term Borrowings	15.76	41.10	33.12
Deferred tax Liabilities (Net)	0.17	0.07	0.00
Other Long Term liabilities	0.00	4.98	11.79
Current liabilities	39.52	69.94	168.82
Short-Term Borrowings	35.74	41.46	35.18
Trade Payables	2.52	24.98	128.18
Other Current Liabilities	0.54	1.73	0.12
Short-Term Provisions	0.73	1.76	5.33
Total Liabilities	81.57	156.08	279.30
ASSETS			
Non-current assets	20.25	25.96	25.88
Net Fixed assets	20.18	25.83	23.24
Non-Current Investments	0.00	0.06	1.34
Deferred Tax Assets (Net)	0.00	0.00	1.23
Other Non-Current Assets	0.08	0.08	0.08
Current assets	61.32	130.12	253.42
Inventories	5.52	7.05	13.40
Trade Receivables < Six Months	9.48	45.27	93.20
Cash and Cash Equivalent	2.25	1.22	8.56
Short-Term Loans and Advances	42.90	74.20	134.48
Other Current Assets	1.17	2.37	3.78
Total Assets	81.57	156.08	279.30

Amrutha Constructions Pvt Ltd
Annexure III – Details of Bank Loan facilities

Particulars	Canara Bank	*Punjab National Bank	Total
Facility	Present Limits	Proposed Limits	Limits rated
ODBD	50.00	15.00	65.00
Bank Guarantee	125.00	60.00	185.00
Total	175.00	75.00	250.00