

## Rating Report

### Brickwork Ratings assigns 'BWR BBB' & 'BWR A3+' for Bank Loan Facilities of ₹ 40 Cr of RV Akash Ganga Infrastructure Limited

Brickwork Ratings (BWR) has assigned the following **Rating**<sup>1</sup> for the Bank Loan Facilities of RV Akash Ganga Infrastructure Limited (RVAG or the 'Company'):

Facility*	Existing Limits (₹ Cr)	Tenure	Rating
<b>Fund Based</b> <u>Cash Credit</u> Existing – 19.00 Proposed – 3.00  <u>Term Loans</u> Existing – 2.50 Proposed – 2.50	<b>22.00</b>    <b>5.00</b>	    <b>Long Term</b>	    <b>BWR BBB</b> (Pronounced as BWR Triple B)  <b>Outlook – Stable</b>
<b>Non-Fund Based</b>  <u>Bank Guarantee</u>	   <b>13.00</b>	   <b>Short Term</b>	   <b>BWR A3 +</b> (Pronounced as BWR A Three Plus)
<b>Total</b>	<b>40.00</b>	<b>(INR Forty Crores only)</b>	

\*Availed from Union Bank of India

BWR has principally relied upon the audited financial statements up to FY14, projected financial statements up to FY16, publicly available information and information/clarifications provided by the company's management.

The ratings reflect the extensive industry experience of the promoters, diversified revenue profile with healthy order book position and reputed clientele of the company. The ratings are, however, constrained by the volatility in revenues due to slowdown in infrastructure industry, geographic and concentration risk, working capital intensive nature of operations and exposure to intense competition in the construction industry.

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

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## **Background:**

RV Akash Ganga Infrastructure Ltd (formally known as RVAG) came into existence in July 2007 through the amalgamation of RV Associates and Akash Ganga Infrastructure Ltd., two of the pioneers in the field of RMC (Ready Mix Concrete) and Equipment Hiring in Delhi - NCR. The Company provides civil construction and infrastructure development services to various Government & private clients. Major services include production & supply of ready mix concrete including pumping and placing, installation of bored cast in Situ Piles, casting & launching, Fabrication & Handling of barricades, other services such as equipments on hiring, diaphragm wall & well sinking, civil construction & road construction etc.

RVAG has also installed a Solar Power Plant of 2 MW which was commissioned in January 2012. The plant was developed under RPSSGP (Rooftop PV and Small Solar Power Generation Program) scheme. RVAG signed Purchasing Power Agreement (PPA) with Uttarakhand Power Corporation Limited (UPCL) for its monthly generation @ Rs. 17.70 per unit for 25 years. The project was executed by M/S Green Brilliance Pvt. Ltd with a total cost of Rs.32.36cr. The project was funded in debt equity ratio of 3:1.

RVAG 's major clients include Reliance Infrastructure Ltd, Hindustan Construction Co. Ltd, Delhi Metro Rail Corp. Ltd, Pratibha Industries Ltd, IL&FS Eng. & Construction Ltd, Amrapali Group, Soma Enterprises Ltd, IDEB Projects LTD, Lanco, L& T etc.

## **Management Profile:**

The promoter directors of the Company are Mr. Manoj Bansal, Mr. Surinder Singhal and Mr. Pradeep Aggarwal.

Mr. Manoj Bansal (Promoter Director) handles financial matters of the company. He also oversees various departments such as public relations, planning and execution of projects etc. He heads mainly the Solar Division of the company.

Mr. Surinder Singhal (Promoter Director) is in charge of the Piling Division of the company. He also heads the company's latest additions in the field of construction of Diaphragm wall and well sinking projects.

Mr. Pradeep Aggarwal (Promoter Director) has experience in the field of manufacturing of RMC and Hiring of Construction Equipment. Presently he looks after the Administrative aspects of all the projects.

Mrs. Shalini Gupta (Director – Administration) heads the administration of the company and is responsible for smooth running of the company.

Mr. Gulshan Rai Mahajan (Director – Other Projects) has over three decades of experience in the field of Civil and road construction. He heads the road and civil construction projects of the company.

Mr. Manpreet Singh Oberoi (Director – Procurement/Logistics) has experience of more than 10 years in automobile industry. He joined RVAG as a technical expert, specializing in Retail Marketing and Procurement.

### **Details of Completed Projects:**

S.No.	Client	Name of Work	Value of Completed Works	Date of Start	Date of Completion (Stipulated / Actual)
<b>PILING PROJECTS</b>			<i>Rs. ' Crs</i>		
1	DSC Limited	Construction of Piles, Pilecaps, Pier & Pier Caps for elevated road over Barapulla Nalla from Sarai Kale Khan to JLN Stadium - PKG 2	31.1	05.10.2008	30.09.2010
2	L&T Limited (Thermal Power Project Division)	Pilling Work for 2 x 700 MW super critical Thermal Power Project, Rajpura Punjab.	8.24	15.1.2011	31.12.2011
3	FERNAS Construction India Pvt. Ltd.	Piling works at integrated Utilities and Off set piping projects for Opal, Dahej, and Gujrat.	22.44	18.07.2011	30.06.2012
4	Hindustan Construction Co.	Pilling work along with rock socketing & load Testing	7.14	20.11.2008	29.01.2010
5	Hindustan Construction Co.	Piling Works at Muzaffarpur Thermal Power Project	18.44	15.02.2011	30.04.2012
6	IL & FS Engineering Construction Co. Limited	Construction of elevated viaduct and six stations connecting sikanderpur and NH - 8 at Gurgaon	21.61	29.09.2010	02.06.2012
7	IOT Infrastructure & Energy Services Limited	Piling works for OPAL-Dahej Project	3.86	15.11.2012	31.07.2013
8	Amrapali Group	Driving 1200 mm dia & 600 mm Dia Cast - in situ piles at platinum Sec - 119 Noida.	2.22	1.12.2009	31.03.2010
9	Lanco Infratech Limited	Piling works at DMRC Project CC-10 & CC-11	6.96	01.05.2012	30.06.2013

<b>DIAPHRAGM WALL PROJECTS</b>					
1	Pratibha - CRFG JV	Construction of Diaphragm Wall at DMRC Project - CC - 01 at Janpath	2.21	10.06.2011	22.10.2012
2	Pratibha - CRFG JV	Construction of Diaphragm Wall at DMRC Project - CC - 01 at Janpath	3.01	16.04.2012	22.10.2012
3	Pratibha Mosinzhstroj Consortium	Construction of Diaphragm Wall at DJB Project PKG 2 & 3 at Burari, Nilothi & Bharat Nagar (Delhi)	6.97	01.12.2012	25.07.2014
4	J.Kumar Infracore Projects Ltd.	Construction of Diaphragm Wall at DMRC Project - CC - 20 (Naraina) & CC - 24 (Nizamuddin)	21.2	01.02.2013	30.09.2014

S.No.	Client	Name of Work	Value of Completed Works	Date of Start	Date of Completion (Stipulated / Actual)
<b>GENERAL CONSTRUCTION PROJECTS</b>					
1	Delhi Metro Rail Corporation (DMRC)	Casting of Segment & Transportation of Segment from Zakhira/ Mundka to BC - 26 (R&C 2, 7, 7A, 11, 21, 22, 22/1) Contract including launching Prestressing	<b>25.72</b>	05.05.10	03.02.2011
2	Delhi Metro Rail Corporation (DMRC)	Launching of balance 22 spans between Pier KP 69 to KP 75 and Pier KP 100 o KP 116 on Kirti Nagar - Ashoka Park stretch of DMRTS Project Contract BC - 34 (R&C - 1)	<b>3.66</b>	07.02.2011	06.05.2011
3	Delhi Metro Rail Corporation (DMRC)	Constructions of Balance precast Parapets, Segments and cable troughs Transportation and erection of precast parapets and cable troughs, providing and fixing of expansion joints of Kirti Nagar - Mundka Corridor - Phase II of DMRC. Contract BC - 34 (R&C-2)	<b>2.70</b>	15.01.2011	30.05.2011
4	Pratibha Mosinzhstroj Consortium	Well Sinking Works at DJB Project PKG 2 & 3 at Burari & Nilothi (Delhi)	<b>3.01</b>	01.01.2012	31.08.2014
5	SOMA Enterprise Limited	Road Work at Six Laning of Panipath-Jalandhar section of NH-1	<b>36.01</b>	13.04.2009	31.03.2012
6	Amrapali Group	Constuction fo Block A Amrapali Platinum Noida.	<b>12.05</b>	1.5.2008	25.03.2009
7	Mera Baba Reality Associates Pvt. Ltd.	Constuction of D-Mall, Pitampura Delhi	<b>9.10</b>	7.7.2007	08.09.2008
8	Tirupati Infracore Projects Pvt. Ltd.	Construction of Indus Hotel & Spa & Paschim Vihar	<b>9.20</b>	12.9.2008	25.03.2009

<b>RMC PROJECTS</b>					
1	ITD - ITD Cem JV Delhi	Production of RMC for DMRC Contract no. BC - 21; for their Construction of viaduct & Structural works of 05 Stations.	27.68	09.10.07	31.01.2010
2	ITD - ITD Cem JV Delhi	Supply of RMC for construction of tunnel between at khan market, JLN & Jangpura Stations of Central Secretariat - Badarpur Section of DMRC Project BC -24.	40.47	6.2.2008	30-04-2010
3	Amrapali Group	Supply of RMC	21.25	01.04.2008	30.09.2010
4	IRCON International Ltd.	Supply of RMC for ballastless track for phase - II, Part - 2 Corridors of DMRC (Central Secretariat - Green Park - Qutub Minar - Sushant Lok) in Delhi	4.51	23.02.2009	08.03.2010
5	IDEB Projects (P) Ltd.	Supply of RMC for Construction of Viaduct for DMRC Contract No. BC - 34	14.51	20.09.2007	30.04.2008
6	IDEB Projects (P) Ltd.	Supply of RMC for Construction of Viaduct for DMRC Contract No. BC - 26.	37.67	18.12.2007	08.10.2008
7	IDEB Projects (P) Ltd.	Supply of RMC for Construction of Viaduct of Length 5.225 Km for DMRC Project BC - 7.	32.20	01.08.2007	15.10.2008
8	Lanco Infratech Limited	RMC Supply at DMRC Project CC-10 & CC -11	6.88	08.05.2012	30.07.2013

### Details of Current Projects:

Client	Description of Project	Location	Date of Execution	Stipulated Date of Completion	Work Order value	Executed Till Dec 14	Un-executed Work
<b>CEC International Pvt. Ltd.</b>	Piling works for Package - 1 From Mundka to Wazirabad Chowk, Delhi	Mukundpur, Libaspur (Delhi)	<b>17.7.13</b>	<b>31.12.2014</b>	<b>3.96</b>	<b>3.96</b>	-
<b>L&amp;T Construction, Infrastructure</b>	Piling works for DMRC Project (CC28) - Viaduct and 3 stations.	Sakurpur to Rajauri Garden (Delhi)	<b>7.11.12</b>	<b>30.11.2014</b>	<b>7.16</b>	<b>7.16</b>	-
<b>PAN Asia Const. Pvt.Ltd.</b>	Piling works at IL&FS RMRG extension	Gurgaon, Haryana	<b>13.2.14</b>	<b>31.01.2015</b>	<b>1.77</b>	<b>1.77</b>	-
<b>IL&amp;FS Engineering and Construction Co. Ltd.</b>	Piling works at RMRG extension	Gurgaon, Haryana	<b>18.07.14</b>	<b>31.12.2014</b>	<b>1.54</b>	<b>1.54</b>	-
<b>FEMC-Pritibha JV</b>	Construction of D Wall for Metro Station at DMRC Project CC 18	Sarojini Nagar (Delhi)	<b>1.9.12</b>	<b>31.12.2014</b>	<b>10.22</b>	<b>10.10</b>	<b>0.12</b>

<b>FEMC-Pritibha JV</b>	Construction of D Wall for Metro Station at DMRC Project CC 23	Nehru Place, Panchsheel & Hauzkhas (Delhi)	<b>12.2.13</b>	<b>31.12.2014</b>	<b>18.65</b>	<b>18.65</b>	-
<b>Pratibha Industries Ltd</b>	Manufacturing & Supply of RMC for construction of Multilevel Car Park.	Noida, U.P.	<b>07.09.13</b>	<b>30.06.2015</b>	<b>3.54</b>	<b>1.24</b>	<b>2.30</b>
<b>Reliance Infrastructure Ltd.</b>	Operation & Maintenance of Batching Plant for RMC production for 6 x 660 MW Ultra Mega Power Project, Sasan, M.P.	Sasan, M.P.	<b>1.6.09</b>	<b>31.03.15</b>	<b>64.55</b>	<b>56.39</b>	<b>8.16</b>
<b>IL&amp;FS Transportation Network Limited (RCC - RVAG JV)</b>	Construction of Elevated Depot for Rapid Metro Rail Project, Gurgaon.	Gurgaon, Haryana	<b>01.07.14</b>	<b>31.12.15</b>	<b>57.85</b>	<b>11.79</b>	<b>46.06</b>
<b>Orissa Steel Expressway (P) Ltd.</b>	Construction of Rimuli - Roxy - Rajamunda on NH 215 from Km 163+900 to Km 201+900	Orissa	<b>29.07.14</b>	<b>31.12.15</b>	<b>162.21</b>	<b>2.50</b>	<b>159.71</b>

#### Details of Current Projects (Cont.):

Client	Description of Project	Location	Date of Execution	Stipulated Date of Completion	Work Order value	Executed till Dec'14	Unexecuted Work
<b>RAMA Construction Co.</b>	Construction of Underpass connectivity between existing Supreme Court Building and proposed Additional Office Complex at Mathura Road. Executive Engg. Supreme Court Div. - I, CPWD, New Delhi	Supreme Court, New Delhi	<b>26.07.14</b>	<b>25.07.15</b>	<b>25.14</b>	<b>1.00</b>	<b>24.14</b>
<b>L&amp;T Construction, Infrastructure</b>	Piling Works, including Load Tests for Metro.	Lucknow Metro of DMRC	<b>15.11.14</b>	<b>31.07.15</b>	<b>14.25</b>	<b>0.97</b>	<b>13.28</b>
<b>Various Clients</b>	Equipement on Hiring@2cr per month(for 12 months)		<b>Ongoing</b>	<b>Ongoing</b>	<b>15.00</b>	<b>3.99</b>	<b>11.01</b>
<b>Pritibha -Mosinzhstroj Consortium</b>	Construction of D wall in DJB Project, Delhi	D-wall	<b>01.09.12</b>	31.02.2014	<b>7.61</b>	<b>7.61</b>	<b>0</b>
<b>J Kumar Infra Projects Ltd.</b>	Construction of D Wall for Metro Station at DMRC Project CC -20 And CC -24	D-Wall	<b>15.09.12</b>	31.03.2014	<b>22.89</b>	<b>21.53</b>	<b>1.36</b>

<b>Pratibha Industries Ltd.</b>	Construction of multilevel car park project. U.P.	Piling	<b>15.08.13</b>	16.11.2013	<b>2.77</b>	<b>2.77</b>	<b>0</b>
<b>Pratibha Industries Ltd.</b>	Construction of well sinking works, DJB, Delhi	Well Sinking	<b>10.11.11</b>	31.12.2013	<b>4.50</b>	<b>4.50</b>	<b>0</b>
<b>L&amp;T Ltd. Construction IC</b>	Piling Works at Rohtak, Delhi-Haryana.	Piling	<b>04.04.14</b>	31.07.14	<b>0.94</b>	<b>0.94</b>	<b>0</b>
<b>Amrapali Centurian Park &amp; Golf Homes Pvt. Ltd.</b>	Piling works at Noida, U.P. for Housing	Piling	<b>21.03.14</b>	30.09.14	<b>0.46</b>	<b>0.46</b>	<b>0</b>
<b>LANCO Infratech Ltd.</b>	Piling Works for Ennore Super Thermal Power Project	Piling	<b>08.01.15</b>	30.09.15	<b>23.67</b>	-	<b>23.67</b>
<b>TOTAL</b>					<b>448.68</b>	<b>158.87</b>	<b>289.81</b>

- All the current projects have a periodicity ranging from 6-24 months depending on size of the project to be executed.
- The average time for project execution is 15 months.
- Till Dec 2014, RVAG has completed a work order of worth ₹ 158.87 Cr
- Unexecuted order book position of the company is ₹ 289.81 Cr

### **Financial Performance:**

Net sales decreased from ₹ 153.81 Cr in FY13 to ₹ 136.71 Cr in FY14 due to slowdown in infrastructure activities. Operating margin was 22.25 % and PAT margin 3.00 % in FY14. Tangible net worth increased from ₹52.72 Cr as on March 31, 2013 to ₹58.01 Cr as on March 31, 2014. Overall gearing was moderate at 1.55 times as on March 31, 2014.

### **Credit Risk Analysis:**

RVAG has experienced a decline in the turnover during FY13 and FY14. This was mainly due to its presence concentrated in Delhi NCR where the region experienced a slowdown in infrastructural activities resulting in lower orders to RVAG. Now RVAG has diversified into other geographies Sasan (Madhya Pradesh), Dahej (Gujarat), Sambalpur (Orissa), Jaipur (Rajasthan), Muzaffarpur (Bihar), Jagdalpur (Chattisgarh) and Ennore (Tamil Nadu). It has already received few orders from these regions. One of the largest outstanding orders of RVAG is from Orissa for execution of road project of Orissa Steel Expressway Pvt Limited (Rs.162cr). The company expects some orders to flow in the segment of Road Construction in the near future.

RVAG's financial risk profile is at moderate level marked by moderate tangible networth of ₹58.01 Cr against the total debt of ₹88.56 Cr in FY14. Gearing ratio stood at 1.55 times as of March 31, 2014 as compared to 1.82 times as on March 31, 2013 however, gearing ratio is expected to improve due to absence of major debt-funded capex plans over the medium term, repayment of term loans and infusion of additional capital of ₹3.81 Cr in the current financial year. On a provisional basis, gearing ratio of RVAG stood at 1.12 times as on December 31, 2014.

RVAG's operations are working capital intensive as reflected in the company's high gross current assets of 155 days in FY14. Debtor days were at 139 days, leading to large working capital requirements and stretched liquidity. Trade receivables were high mainly due to large execution of work during the last quarter of FY14 and delays in payments from government departments. However, trade receivables have decreased (as per 9MFY15 financials due to faster clearance of bills from the government clients. Further, the promoters have brought in ₹3.81 Cr of additional equity in order to improve the liquidity position of the company in the current financial year.

### Rating Sensitivities:

The rating outlook is expected to be stable for the current year. Going forward, the ability of the Company to ensure increase in revenue while maintaining and/or improving profitability, improve its credit metrics and liquidity profile, ensure timely realizations and strengthen its capital structure would be the key rating sensitivities.

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**RV Akash Ganga Infrastructure Limited**  
**Annexure I – Profit & Loss Account**

<b>Crores</b>	<b>FY 12</b>	<b>FY 13</b>	<b>FY 14</b>
<b>Result Type</b>	Audited	Audited	Audited
Gross Sales	190.63	153.81	136.71
Excise Duty/Sales Tax	0.00	0.00	0.00
<b>Net Sales</b>	<b>190.63</b>	<b>153.81</b>	<b>136.71</b>
Other Operating Income	0.87	0.00	0.00
<b>Total Operating Income</b>	<b>191.50</b>	<b>153.81</b>	<b>136.71</b>
<b>Operating Expenses</b>	<b>156.11</b>	<b>118.29</b>	<b>106.30</b>
<b>OPBDIT</b>	<b>35.39</b>	<b>35.52</b>	<b>30.41</b>
Depreciation	15.40	18.94	16.37
<b>OPBIT</b>	<b>19.99</b>	<b>16.58</b>	<b>14.05</b>
Interest and Finance Charges	10.45	10.80	13.93
<b>OPBT</b>	<b>9.54</b>	<b>5.77</b>	<b>0.12</b>
Non-Operating Income	0.00	1.13	6.13
<b>PBT</b>	<b>9.54</b>	<b>6.90</b>	<b>6.25</b>
Provision for Taxes	2.94	2.25	2.14
<b>PAT</b>	<b>6.60</b>	<b>4.65</b>	<b>4.10</b>

**RV Akash Ganga Infrastructure Limited**  
**Annexure II – Balance Sheet**

Crores	FY 12	FY 13	FY 14
Result Type	Audited	Audited	Audited
<b>Liabilities</b>			
<b>EQUITY AND RESERVES</b>	<b>48.07</b>	<b>52.72</b>	<b>58.01</b>
Share capital	2.92	2.95	2.95
Share Application money Pending allotment	0.00	0.00	1.19
Reserves and Surplus	45.15	49.77	53.87
<b>Non-current liabilities</b>	<b>67.22</b>	<b>68.00</b>	<b>56.42</b>
Long-Term Borrowings	62.52	61.24	52.11
Deferred tax Liabilities (Net)	1.66	1.86	2.54
Other Long Term liabilities	3.05	4.90	1.77
<b>Current liabilities</b>	<b>65.37</b>	<b>55.92</b>	<b>60.05</b>
Short-Term Borrowings	23.57	12.68	18.97
Current Portion Of Long Term Debt	19.28	19.77	17.48
Trade Payables	10.38	14.51	14.90
Other Current Liabilities	7.86	5.75	5.72
Short-Term Provisions	4.28	3.20	2.98
<b>Total Liabilities</b>	<b>180.66</b>	<b>176.63</b>	<b>174.49</b>
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>111.70</b>	<b>103.68</b>	<b>88.97</b>
Net Fixed assets	108.07	102.36	87.98
Non-Current Investments	0.08	0.18	0.18
Net Intangible assets	0.00	0.00	0.00
Long Term Loans and Advances	0.03	0.00	0.00
Other Non-Current Assets	2.06	0.00	0.00
Miscellaneous Expenditure To the Extent Not Written off(Non-Current)	1.46	1.14	0.81
<b>Current assets</b>	<b>68.96</b>	<b>72.95</b>	<b>85.51</b>
Current Investments	0.00	0.00	0.00
Inventories	7.75	5.34	2.17
Trade Receivables > Six Months	3.26	8.30	9.69
Trade Receivables < Six Months	34.69	38.61	47.76
Cash and Cash Equivalents	5.80	8.10	6.79
Short-Term Loans and Advances	17.43	12.52	19.10
Other Current Assets	0.04	0.09	0.00
<b>Total Assets</b>	<b>180.66</b>	<b>176.63</b>	<b>174.49</b>

**RV Akash Ganga Infrastructure Limited**  
**Annexure II – Ratio Analysis**

<b>Particulars</b>	<b>FY 12</b>	<b>FY 13</b>	<b>FY 14</b>
<b>Result Type</b>	Audited	Audited	Audited
Total Debt	105.36	93.70	88.56
Tangible Net Worth	48.07	52.72	58.01
Capital Employed	153.63	147.13	148.31
Total Debt/TNW	2.26	1.82	1.55
Long Term Debt/TNW	1.34	1.19	0.91
TOL/TNW	2.83	2.40	2.03
ISCR	3.39	3.29	2.18
DSCR	3.11	1.14	1.02
Net Cash Accruals/Total Debt	0.22	0.26	0.27
Net Cash Accruals/Long Term Debt	0.36	0.39	0.47
Net Profit Margin	3.45	3.02	3.00
Operating Profit Margin	18.48	23.09	22.25
ROCE	13.01	11.02	9.51
Current Ratio	1.05	1.30	1.42
Days Receivables	73	101	139
Days Inventory	21	23	16
Days Payable	56	72	131
Conversion Cycle	37	51	24