

## Press Release

### Brahmani Developers Private Limited

28 March, 2018

### Rating Assigned



<b>Total Bank Facilities Rated*</b>	Rs. 35.00 Cr.
<b>Long Term Rating</b>	SMERA BBB- / Outlook: Stable
<b>Short Term Rating</b>	SMERA A3

\* Refer Annexure for details

### Rating Rationale

SMERA has assigned long-term rating of '**SMERA BBB-**' (read as **SMERA triple B minus**) and short term rating of '**SMERA A3**' (read as **SMERA A three**) on the Rs. 35.00 crore bank facilities of Brahmani Developers Private Limited (BDPL). The outlook is '**Stable**'.

Incorporated in 2007, Brahmani Developers Private Limited is a Rourkela (Odisha) based company engaged in civil construction and real estate business. The company undertakes tender based contract for construction of roads, power sub- station, schools etc. BDPL in addition also develops mid- size real estate project of 20-60 flats under single or twin towers. The company is an approved "Super Class Contractor" from Public Works Department (PWD), Government of Odisha. The company was promoted by Mr. Ramesh Agarwal, Mr. AlkaKadmawala and Mr. Vinay Giri.

### Key Rating Drivers

#### Strengths

#### Established track record and high saleability

The company has an established track record of executing real estate and civil construction works in Rourkela. BDPL in the last one decade has completed eight mid-sized real estate projects in Rourkela and has undertaken several civil construction works. The real estate project over the years has reported healthy sale ability, with over 90 per cent of the area sold.

#### Moderate order book position

BDPL has moderate order book position of ~ Rs 54 crs from construction of roads, power sub- station, schools which is likely to be executed in the next two financial years. Further, the company has undertaken two residential projects "Brahmani Dreams" and "Brahmani Castle" with expected sale value of Rs 27.50 crs in Jagda (Rourkela). The projects are expected to be completed by 2020-21.

#### Healthy financial risk profile

The financial risk profile of the company is marked by its moderate gearing, comfortable gearing and debt protection metrics and moderate net worth. Debt equity stands comfortable at 0.92 times in 2017 as compared to 0.62 times in FY 2016. The marginal increase in debt- equity in FY 17 is on account of rise in working capital facility which was sanctioned in the last quarter of FY 17. Total debt of Rs 11.60 crore in FY 2017 consist of long term loan of Rs 2.17 crore from relatives/ promoters and Rs 9.13 crore of short term working capital facilities. The interest coverage ratio and DSCR stood moderate at 2.93 times and 1.82 times in FY 2017 as compared to 2.92 times and 1.53 times respectively in FY 2016. The NCA /TD stood at 0.15 times in FY 2017 as compared to 0.16 times in FY 2016. The net worth of the company stood at Rs 12.55 crore in FY 2017 as against Rs 10.18 crs in FY 2016.

## Weaknesses

### Modest scale of operations

BDPL operates in modest scale with revenue of Rs 39.12 crs in FY 17 as compared to Rs 21.12 crs in FY 16. During the current year, the company has clocked Rs 24.89 crs till Dec'17 (provisional).

### Working Capital Intensive Operations

The operations are working capital intensive in nature marked by Gross Current Asset (GCA) days of 298 in FY 2017 as against 447 days in FY 2016. The high GCA days are on account of stretched inventory days 134 in FY 17 as compared to 363 days in FY 16an inherent nature of construction business. Inventory of Rs 13.39 crs consists as on 31<sup>st</sup> March'17 includes Rs 7.23 crs of land and plots, Rs 2.30 crs of unsold flats, Rs 3.93 crs of WIP. The collection period was moderate with 45-60 days during the period under review (FY 15-FY 17). The working capital utilization has been on the higher side with ~ 85 percent in the last 15 month ended January'18.

## Analytical Approach

For arriving at the rating, SMERA has considered the standalone business and financial risk profiles of BDPL.

### Outlook: Stable

SMERA believes that BDPL will continue to benefit over the medium term from the promoters long experience in business and their moderate order book position. The outlook may be revised to 'Positive' if BDPL achieves more than envisaged sales and working capital management driven by its established position in Rourkela. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve growth in revenue due to delay in completion of projects in hand and financial risk profile further deteriorates owing to higher-than-expected increase in debt-funded working capital requirement.

## About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	39.12	21.12	23.11
EBITDA	Rs. Cr.	2.61	1.61	1.59
PAT	Rs. Cr.	1.38	0.71	0.61
EBITDA Margin	(%)	6.68	7.63	6.89
PAT Margin	(%)	3.53	3.38	2.63
ROCE	(%)	15.56	11.18	18.61
Total Debt/Tangible Net Worth	Times	0.92	0.62	0.60
PBDIT/Interest	Times	2.93	2.92	3.07
Total Debt/PBDIT	Times	3.30	3.07	3.40
Gross Current Assets (Days)	Days	298	447	359

### Status of non-cooperation with previous CRA (if applicable)

On 06 November'2017 India Ratings and Research (Ind-Ra) has migrated Brahmani Developers Private Limited's Long-Term Issuer Rating to the non-cooperating category as 'IND BB+(ISSUER NOT COOPERATING)'

### Any other information

None

### Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Infrastructure Entities - <https://www.smera.in/criteria-infrastructure.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

### Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

### Rating History (Upto last three years)

Not Applicable

### \*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	SMERA BBB-/ Stable
Cash Credit	Not Applicable	Not Applicable	Not Applicable	6.50	SMERA BBB-/ Stable
Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA BBB-/ Stable
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	9.00	SMERA A3
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	2.50	SMERA A3
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA A3
Bank Guarantee/ Letter of Credit	Not Applicable	Not Applicable	Not Applicable	8.00	SMERA A3
Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	2.00	SMERA A3

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