

Press Release

Walls And Bridges India Private Limited

D-U-N-S® Number: 86-315-3492

February 13, 2019

Rating Assigned



Total Bank Facilities Rated*	Rs. 9.50 Cr.
Long Term Rating	ACUITE B+ / Outlook: Stable
Short Term Rating	ACUITE A4

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE B+**' (read as **ACUITE B plus**) and short term rating of '**ACUITE A4**' (read as **ACUITE A four**) to the Rs. 9.50crore bank facilities of WALLS AND BRIDGES INDIA PRIVATE LIMITED. The outlook is '**Stable**'.

Walls and Bridges India Private Ltd (WBPL) is a Hyderabad based company, incorporated in 2009. It is engaged in design to construction of structures such as Bridges, Highways, and Multi-storied buildings, Pre- Engineered Buildings, Steel Structures and Reinforced Soil Walls, utilizing modern and proven Ground Improvement Techniques among others. The company has installed capacity to manufacture 2000 MTPA which would be increased to 4000 MTPA.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of the WBPL to arrive at this rating.

Key Rating Drivers

Strengths

• Experienced management

The directors of the company Mr. N. Dhanunjay, Mr. V. Sreedhar and Mr. K. Lalit Aditya has vast experience in the field of infrastructure for more than a decade. Though the revenues are volatile in the past, the current unexecuted order book of Rs.80 crore from Ashoka Buildcon Limited and Indian Railways provides adequate revenue visibility over the near to medium term. Acuite believes that building the order book for steady growth in revenues is a key rating sensitivity factor over the medium term.

• Comfortable financial risk profile

WBPL's financial risk profile is comfortable marked by healthy capital structure and debt protection metrics though constrained by total outside liabilities to total network (TOL/TNW). The gearing (debt-to-equity) is healthy at 0.72 times in 31 March 2018 as against 0.75 times in 31 March 2017. TOL/TNW is high at 3.15 times as on 31 March 2018 as against 3.35 as on 31 March 2017 due to reliance on supplier creditors. Network has remained modest at Rs.2.57 crores as on 31 March 2018 against Rs.2.25 crores as on 31 March 2017. WBPL's debt protection metrics are robust with interest coverage ratio (ICR) and net cash accruals to total debt (NCA/TD) of 12.81 times and 1.59 times due to minimal reliance on bank borrowings. WBPL reported cash accruals of Rs.0.79 crore in FY2018. WBPL plans to undertake capex of about Rs.6.77 crore, proposed to be funded out of term loan of Rs.3.5 crore; its to expand the current capacity of. 2000 TPA to 4000 TPA to support the scale of operations. Further, to augment the operations, they are planning to avail bank guarantee limits. Despite the proposed bank lines, Acuite believes that WBPL's financial risk profile is expected to be at similar levels due to moderate accruals partly though constrained by incremental working capital requirements.

Weaknesses

• Moderate working capital operations

The company has moderate working capital operations as evident from its Gross Current Assets (GCA) of 128 days as on March 31, 2018 as against 84 days as on March 31, 2017. The company maintains an inventory of about 8 to 11 days and gives credit period of 60 to 90 days to its customers. Inventory days stood at 11 as on March 31, 2018 as against 5 days as on March 31, 2017. Debtor days stood at 86 as on March 31, 2018 as against 39 days as on March 31, 2017. Increasing levels of GCA and expected increase in scale of operations are expected to necessitate the dependency on the working capital borrowings over the near to medium term. WBPL is currently not enjoying any working capital limits; and its proposing for fund and non-fund based limits of about Rs.6.0 crores. Acuite believes that with unexecuted order book position and the business model, operations continue to be working capital moderate over the medium term.

• Modest scale and volatile revenues

The revenues of WBPL are modest and so volatile over the past three years; it has reported high growth in revenues at Rs.23.38 crores in FY2017 and the same have dropped sharply to Rs.11.3 crores in FY2018. For eight months ended November 2018, WBPL reported revenues of about Rs.8 crores and the revenues for FY2019 are expected in the range of Rs.13-15 crores still modest. Though the company has unexecuted order book position of about Rs.80.0 crores, however the scale of operations remain modest amid large players like Tata Bluescope Ltd., Kirby Buildings Systems India Pvt Ltd among others.

Liquidity

WBPL has adequate liquidity marked by moderate net cash accruals to its maturing debt obligations. The company generated cash accruals of Rs.0.57 crore to Rs.0.79 crore during the last three years through 2017-18, while its maturing debt obligations were in the range of Rs.0.45 crore over the same period. The cash accruals of the company are estimated in the range of Rs.1.0 – 1.5 crore over the medium term, against which its repayment obligations are estimated to be around Rs.0.75 crore. The current ratio of the company is moderate at 1.08 times as on March 31, 2018. The company is likely to incur capex of Rs.6.67 crore over the medium which is likely to be funded by term loan of Rs.3.5 crore, and rest out of promoters' contribution and unsecured loans. Acuite believes that the liquidity of the group is likely to remain sufficient over the medium term on account of moderate cash accruals vis-à-vis obligations.

Outlook: Stable

Acuite believes that WBPL will maintain a 'Stable' outlook over the medium term from its director's industry experience. The outlook may be revised to 'Positive' in case of significant growth in its revenues while maintaining its profitability. Conversely, the outlook may be revised to 'Negative' in case of any stretch in its working capital operations or larger than expected debt-funded capex leading to deterioration of its financial risk profile and liquidity.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	11.30	23.38	12.85
EBITDA	Rs. Cr.	0.95	1.60	0.70
PAT	Rs. Cr.	0.32	0.78	0.37
EBITDA Margin	(%)	8.38	6.85	5.43
PAT Margin	(%)	2.87	3.36	2.91
ROCE	(%)	13.51	43.08	49.63
Total Debt/Tangible Net Worth	Times	0.72	0.75	0.72
PBDIT/Interest	Times	12.81	9.05	8.72
Total Debt/PBDIT	Times	1.81	1.02	1.30
Gross Current Assets (Days)	Days	198	84	108

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.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 (Rs. Cr.)	Ratings/Outlook
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	3.50	ACUITE B+ / Stable
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	0.10	ACUITE B+ / Stable
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	0.75	ACUITE B+ / Stable
Proposed long term loan	Not Applicable	Not Applicable	Not Applicable	0.15	ACUITE B+ / Stable
Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE A4

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About Acuite Ratings & Research:

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