Rating Report

Report Date	Valid Till
October 5, 2016	October 4, 2017

Bondada Engineering Private Limited

NSIC-CRISIL Rating: CRISIL MSE 1
Financial Strength: Highest
Operating Performance: Highest

Indicates 'Highest' creditworthiness in relation to other Micro & Small Enterprises

CRISIL SME Ratings

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NSIC-CRISIL PERFORMANCE AND CREDIT RATING

CRISIL MSE 1 indicates 'Highest' credit worthiness adjudged in relation to other MSEs

CRISIL MSE Rating	Definition	Financial Strength	Operating Performance
MSE 1	**Highest**	**Highest**	**Highest**
MSE 2	High	High	High
MSE 3	Good	Good	Average
MSE 4	Above Average	Above Average	Weak
MSE 5	Average	Average	Poor
MSE 6	Below Average	Below Average	
MSE 7	Weak	Weak	
MSE 8	Poor	Poor	

KEY RATING DRIVERS

BUSINESS AND MANAGEMENT

Strengths

- **Management expertise** Mr. Raghavendra Rao Bondada has over 20 years of rich experience in designing, construction and maintenance works in engineering field apart from establishing and maintaining factory facilities and Mr. Satyanarayana Baratam has over 15 years of rich experience in finance, banking, commercial and taxation field. This indicates their ability to maintain business viability and steer the business through operational hurdles.
- **Well-defined organisation structure:** The company has a qualified and experienced second-tier management that has decision-making powers.
- **Good scalability:** Despite it is a young organisation, it has been able to significantly scale up operations, as reflected in net sales of Rs.5,698.14 lakhs for the year ended March 31, 2016.
- **Strong customer base:** This ensures regular orders and mitigates customer concentration risk. Customers include:
  - Reliance Industries Limited (rated 'CRISIL AAA/Stable/CRISIL A+')
  - Ericsson India Private Limited
- **Well spread reach:** The company has presence across PAN India that mitigates the risk of geographic concentration.
- **Certification**: An ISO certification ensures adherence to high quality standards.

FINANCIAL

Strengths

- **Adequate profitability:** The company registered an adequate operating profit before depreciation, interest, and tax (OPBDIT) margin of 10.44 per cent, profit after tax (PAT) margin of 6.01 per cent, and return on capital employed (RoCE) of 45.01 per cent in 2015-16.
- **Good capital structure** is reflected in the organisation's debt-equity ratio (considering promoter loans as neither debt nor equity) of 0.84 times and total outside liabilities/tangible net worth of 1.14 times as on March 31, 2016.
- **Strong credit protection measures:** This is reflected in the organisation's net cash accruals to total debt of 44.77 per cent and PBDIT interest cover of 17.81 times in 2015-16.
- **Good working capital management:** Receivables and payables have been in line with the company's credit terms in 2015-16 and 2014-15. The company maintains 45 days' credit terms with suppliers and customers.

FACT SHEET

Name of the company	Bondada Engineering Private Limited
Year of incorporation	2012
Legal status	Private limited company
Legal history	The company commenced operations in 2012.
Registered with	Registrar of Companies, Hyderabad
Registration number	U28910TG2012PTC080018
SSI Registration number	TS09B0012164
Udhyog Aadhaar No	TS09B0012164
Managing Director	Mr. Raghavendra Rao Bondada
Category of entrepreneur	General
Registered office	Plot no. 1-1-27/37, Ashok Manoj Nagar Behind Saket Towers, Kapra Hyderabad - 500 062, Telangana Tel: +91 9966 800 556 Email:satyanarayana.baratam@bondada.net,satyam0306@gmail.com Website: www.bondada.net
Corporate office	Plot No. 11 and 15, 3rd Floor Surya PPR Towers, Ganesh Nagar, Kapra Hyderabad - 500 062, Telangana Tel: +91 9966 800 556 Website: www.bondada.net
Manufacturing facilities	▪ Autoclaved Aerated concrete (AAC) blocks - Survey No. 85 and 86, Ramachandrinipet (V), Jaggayyapet, Krishna district - 521 175, Andhra Pradesh. ▪ Un-plasticized polyvinyl chloride (uPVC) windows and doors - Plot No: A11/B, beside Gati godown, B Block, Autonagar, Gajuwaka, Visakhapatnam – 530 026, Andhra Pradesh.
Number of employees	Permanent: 180 Contractual: 950 **Total: 1,130**[1]
Certifications and awards	None
Brands	ISO 9001:2008 valid up to December 2017
Statutory compliance	▪ Income tax filing: Regular and timely ▪ Excise duty filing: Regular and timely ▪ Sales tax/service tax filing: Regular and timely ▪ *Wealth tax filing: Not applicable* ▪ *ESIC and EPF dues: Regular and timely* *(As provided by the management, not independently verified)*

[1]The company has employee welfare schemes such as deposit of salaries on time, ESI and PF coverage to all employees, Medi claim policy and Group Personal Accident policy cover to all employees, workmen compensation policy to all workers working at sites and factories

BUSINESS PROFILE

BUSINESS DESCRIPTION

Nature of business	:	Manufacturing/Services
Industry	:	Construction- diversified
Industry prospects	:	Strong
Business description	:	▪ **Business:** o The company undertakes designing, construction and maintenance of engineering works with a vision to establish and lead respectable organisation in infrastructure space, providing world standard quality, services and products. The company also produces green products such as un-plasticized polyvinyl chloride (uPVC) windows and doors and autoclaved aerated concrete (AAC) blocks. o The major sectors covered by the company are telecom and power. The company produces customised products, wherein the key specifications are given by the customers. o The company has vendor registration with top MNC's like: ▪ Nokia Siemens Networks ▪ ZTE Telecom India Private Limited ▪ Samsung ▪ **Raw materials:** o Civil – cement, steel, sand, aggregate etc. o Telecom Electrical – copper flexible cables, copper armoured cables, cable trays, hardware etc. o T&D electrical – conductor, transformers, insulators, circuit breakers, feeder control and relay panels, batteries, cables, energy meters, PLCC terminals etc. ▪ **Inventory:** o Raw material: 30 days ▪ **Project completion time:** o The company takes about 15 to 20 days to complete a telecom site on turnkey basis. o The company takes around eight to ten months to complete a T&D site including substation construction, however it depends on the size of the project. ▪ The company has maintenance department of more than 850 people. The company operates in three shifts of eight hours each. ▪ The company has one warehouse in Hyderabad admeasuring around 5.00 acres and the other in Pune admeasuring around 0.5 acres. The company has warehouses across India depending on the requirements. The company's rental bill (warehouse and offices) is around Rs.7.00 lakh per month. ▪ The company has a 50 - member designing team, headed by Mr. M S N Murthy, General Manager.

		▪ All assets of the company including assets at factories and stocks are fully insured. ▪ The company has class V registration with Road and Building Department, Andhra Pradesh.
Experience in the business	:	5 years
Product range	:	Diverse
Degree of competition	:	High; entry barriers are low
Plans	:	The company has expansion plans in its operating segments with geographical additions. It is evident in the revenue projections given by the company.
Customer profile	:	Direct customers

A. Scope of Work in telecom sector:

- Design evaluation of new built sites, reverse engineering analysis of existing towers.
- Tower loading validation analysis and pole loading validation analysis.
- Tower design and detailing for different antenna loadings.
- Foundation designs for ground based and roof top towers.
- Structural stability and analysis of existing buildings.
- Soli testing and Investigation

Transmission lines:

- Structural designs for transmission towers.
- Detail and check survey for transmission lines.
- Soil testing and Investigation

Industrial and Residential Buildings:

- Site survey and layout preparation.
- Structural Design & Drawings for Industrial and Residential Buildings.
- Architectural plans.
- Site inspections, quality and quantity audits

B. **Scope of Work in power sector:**

BEPL offers the following services in Transmission field:

- Turnkey services for transmission lines up to 765kv
  - Tower foundations
  - Tower erections
  - Stringing of Conductors
- Construction of sub-stations up to 400kv
- HT and LT works at Switch yards
- Construction of Bay extensions

BEPL offers the following services in solar field:

The company provides end-to-end solutions for plant construction works, including:

- Site survey & layout, land levelling, and grading
- Compound walls, gates, and internal road formation
- Designing of mounting structures and foundations
- Foundation for mounting structures
- Supply and installation of mounting structures
- Supply and installation of inverters, junctions boxes, and direct current (DC) cables

- Switch yard construction-alternate current (AC)/DC works
- Earthing, streetlights, and plant lighting
- Project management and statutory approvals
- Operations and maintenance of solar-powered plants

Procedure for site verification:

Orders from customers
↓
Pricing with sub-contractors
↓
Verifying the site (Construction)*
↓
Certification (WCC- Work Completion Certificate)**
↓
Maintenance Service***

SUB-CONTRACTORS

Name of Sub-Contractors	Share in net sales (%)
Siri Group, Andhra Pradesh	2.00
M.C.E Industries, Andhra Pradesh	1.00
AG Telecom	2.50
IVRCL Limited	4.00
Amara Raja Batteries Limited	2.00

*The company has more than 80 engineers to insure on time delivery, quality service and safety.
**The company receives WCC certificate from its clients on completion of work.
***The company provides 24*7 maintenance service with more than 850 employees.

CSR Activity:

- The company has contributed 36 solar-powered poles and lights costing Rs.9.00 lakh in a village in Andhra Pradesh.
- The company has contributed 80 barricades costing Rs.6.00 lakh to traffic police in Visakhapatnam, Vijayawada and Hyderabad.
- The company is also taking initiative to help needy people and to promote girl child's education.

REVENUE BREAK UP

Business	Share in net sales (%)
Telecom sector	82.76
Power sector	15.51
UPVC windows and doors and autoclaved aerated concrete (AAC) blocks	1.73
Total	**100.00**

CUSTOMER PROFILE AND DEMAND-SIDE ANALYSIS

Customer name	Address	Product	Length of relationship	% share in sales
Reliance Industries Limited	Hyderabad	Telecom towers	4 years	varies annually
Ericsson India Private Limited*				
Bharti Airtel Limited				
Larsen & Toubro Limited				
Vodafone South Limited				
Indus Towers Limited				
Megha Engineering and Infrastructures Limited.		T&D transmission lines		
Tata Projects Limited				

Notes:

- Each customer accounts for less than 25 per cent of the total sales.
- The company caters to 18 customers.
- The company has received 9 green points and 1 yellow points out of 10 from Ericsson India Private Limited in supplier's code of conduct audit[2].
- The company has got appreciation certificates from customers.

Terms of credit	:	Credit up to 45 days
Process of getting orders	:	Regular orders from customers
Exports	:	Nil
Marketing network	:	The company has a 15 members marketing team, headed by Mr. K V R K Murthy. The company also publicizes through its website www.**bondada**.net.
Geographical reach	:	The company has PAN India presence across Jammu and Kashmir, Rajasthan, Gujarat, Maharashtra, Karnataka, Tamil Nadu, Andhra Pradesh, Odisha, West Bengal, Bihar, Uttar Pradesh, Assam, Telangana, Kerala and other North East States.

[2] Ericsson India Private Limited conducts supplier's code of conduct audit where it requires suppliers and their subcontractors to comply with its code of conduct. According to the code of conduct of Ericsson India Private Limited, green point indicates - fully complied, yellow indicates - yet to improve and red indicates - not complied.

SUPPLIER PROFILE AND SUPPLY-SIDE ANALYSIS

Supplier's / Wholesaler's name	Address	Product	Length of relationship
IVRCL Limited	Hyderabad	Conductors and Cable trays	4 years
Skyylives Electronics Private Limited			
GR Power Switchgear Limited			
Gupta Steels			
MCE Industries			
Mehta Engineering Corporation			
N. Veeravenkaiah			
OM Sri Sai Ganesh Enterprises			
Om Sri Lahari Shanthi Enterprises			
Sai Ram Enterprises			
Sanvi Electronics			
Sri Victory Traders			
Talib Tools Traders			

Terms of purchase	:	Credit up to 45 days
Raw material availability	:	Ample
Raw material price volatility	:	High
Ability to pass on raw material price increases	:	Yes
Imports	:	Nil

MANUFACTURING FACILITIES

Labour oriented operations	:	Yes
Labour union	:	No
Labour relationships	:	Cordial
In-house R&D, designing facilities	:	Yes
Factory layout	:	Spacious and well-organised

Photographs of the facility

Photographs of the facility I

Photographs of the facility II

Photographs of the facility III

Photographs of the facility IV

Photographs of the facility V

OWNERSHIP AND MANAGEMENT

DIRECTORS' PROFILE

Director's name	:	Mr. Raghavendra Rao Bondada
Age	:	42 years
Qualification	:	BTech
Designation / responsibilities	:	Managing Director/Overall management
Previous experience	:	20 years' in designing, construction and maintenance works in engineering field apart from establishing and maintaining factory facilities.
Relevant experience	:	4 years through the rated company
Personal net worth	:	Rs.1,000 lakh as on March 31, 2016
Director's residence address	:	1-1-1-7/66 and 67 Ovla Shankaramma Colony, Kapra Hyderabad - 500 062 Telangana
Telephone No.	:	+91 9966 365 050
Ownership of residence	:	Owned
Vehicles used	:	Toyota Innova

Director's name	:	Mr. Satyanarayana Baratam
Age	:	37 years
Qualification	:	Chartered Accountant
Designation / responsibilities	:	Executive Director/Overall management
Previous experience	:	15 years' in finance, banking, commercial and taxation field.
Relevant experience	:	4 years through the rated company
Personal net worth	:	Rs.300.00 lakh as on March 31, 2016
Director's residence address	:	Plot no. 13 and 14, Sri Rama Avenue, Near Vijaya High School, Kapra Hyderabad - 500 062 Telangana
Telephone No.	:	+91 9966 800 556

Director's name	:	Mrs. Neelima Bondada
Age	:	34 years
Qualification	:	BSc
Designation / responsibilities	:	Director/Inactive
Relevant experience	:	4 years through the rated company
Personal net worth	:	Rs.400.00 lakh as on March 31, 2016
Director's residence address	:	1-1-1-7/66 and 67 Ovla Shankaramma Colony, Kapra Hyderabad - 500 062 Telangana
Telephone No.	:	+91 9885 088 310

Personal liquid net worth of promoters is as disclosed by management and not certified.

KEY MANAGEMENT PERSONNEL

Name	:	Mr. Uma Maheswara Rao
Age	:	38 years
Qualification	:	BTech
Designation / responsibilities	:	General Manager/Telecom sector (construction)
Relevant experience	:	17 years ▪ Experienced in the fields of construction, project administration and commercial aspects. ▪ Worked for Satyam Computers and Aster Private Limited.

Name	:	Mr. M. V.D Prasad
Age	:	43 years
Qualification	:	MBA
Designation / responsibilities	:	General Manager/Power sector
Relevant experience	:	18 years ▪ 15 years of experience in the fields of construction and project management ▪ worked with Aster Private Limited as business unit head - operations in telecom vertical

Name	:	Mr. M S N Murthy
Age	:	44 years
Qualification level	:	BTech
Designation / responsibilities	:	General Manager/Designing department
Relevant experience	:	20 years ▪ in domestic and international markets in design optimization and innovative site designs of telecom and transmission line engineering projects
Telephone No.	:	+91 8499 086 611

Name	:	Mr. M V L N Murthy
Age	:	55 years
Qualification level	:	Diploma in Telecommunications
Designation / responsibilities	:	General Manager/Maintenance department
Relevant experience	:	12 years ▪ An ex-serviceman from Indian Air Force ▪ Maintained Hyderabad intra-city network of Reliance Communications for seven and half years

Name	:	Mr. K V R K Murthy
Age	:	48 years
Qualification	:	MBA
Designation / responsibilities	:	Head/Marketing
Relevant experience	:	18 years in marketing sector ▪ segments include telecom, construction and designing ▪ deals with telecom giants like Indus Towers Limited, Bharti Telecom and ZTE Telecom India Private Limited.

Name	:	Mr. Ch Naveen Kumar
Age	:	37 years
Qualification	:	BTech
Designation / responsibilities	:	Head/ uPVC windows and doors
Relevant experience	:	15 years of experience in managing and maintaining tower manufacturing facilities. ▪ has headed tower manufacturing facility with annual production capacity of 36000 MT. ▪ currently handling marketing and production requirements of uPVC window and door systems facility with annual capacity of 2,00,000 square feet.

Name	:	Mr. A. T. V. Vara Prrasad
Age	:	35 years
Qualification	:	MBA
Designation / responsibilities	:	Head/AAC lightweight blocks/bricks
Relevant experience	:	15 years of experience in managing and maintaining tower manufacturing facilities. ▪ has headed tower manufacturing facility with annual production capacity of 60000 MT. ▪ currently handling marketing and production requirements of AAC blocks / bricks plant with annual capacity of 1,00,000 cubic meters.

ORGANISATIONAL STRUCTURE, CONTROLS AND SYSTEMS

Managing Director	:	Mr. Raghavendra Rao Bondada
Constitution	:	Private limited company
Second tier management	:	Qualified and experienced
Decision making powers	:	Decentralised
Reporting system or MIS	:	Yes
Type of reporting system	:	MIS system
Frequency of MIS / reporting	:	Daily
Litigations against the SSI	:	None
Litigations against the Director	:	
Severity of litigations	:	Not applicable
Susceptibility to foreign exchange fluctuations	:	
Hedging against foreign exchange risks	:	
Susceptibility to commodity price fluctuations	:	
Hedging against commodity prices	:	
Asset insurance	:	Adequate

OWNERSHIP PATTERN

Shareholding pattern as on:	March 31, 2016

Name of the shareholder	Relationship with managing director	Share in capital (%)
Mr. Raghavendra Rao Bondada	Self	66.58
Mr. Satyanarayana Baratam	Business associate	12.20
Mrs. Neelima Bondada	Wife	21.22
	Total	**100.00**

GROUP COMPANIES AND FIRMS

Name of the group company	Business	Year ended	Net sales	PAT	Net worth/ Capital	Total debt
			Amounts in Rs. Lakh			
KP Energy Limited (year of incorporation: 08 January 2010)	Wind and solar Power Construction	31-Mar-16	4,145.00	520.00	342.00	1,231.00

PAT: Profit after tax

Notes:

- Mr. Raghavendra Rao Bondada is a non-executive independent director in the group company.
- There are no intra-group transactions, as confirmed by management.
- The group company was profitable during 2015-16, as confirmed by the management.

Share price movements	Share price as on	September 6, 2016
	Share price	Rs.139.25
	52-week high	Rs.152.60
	52-week low	Rs.100.00
	Price quotes from	www.moneycontrol.com

FINANCIAL PROFILE

CURRENT FINANCIAL PERFORMANCE

Performance for the period from April 1, 2016 to August 31, 2016		
Net sales	Rs. Lakh	2,982.32*
PBT (approximation)	Rs. Lakh	280.34
PBT % (approximation)	%	9.40
Current order book	Rs. Lakh	5,880.92
Orders likely to be executed by		6,017.68
Amount expected to be booked in current year	Rs. Lakh	9,500.00
Debtors	Rs. Lakh	1,276.02
Greater than six months	Rs. Lakh	142.60 (5% Retentions)
Creditors	Rs. Lakh	556.10
Capital	Rs. Lakh	993.39
Debt		
Average utilisation of short-term debt	%	65.00
Total short-term debt outstanding	Rs. Lakh	162
Total long-term debt secured	Rs. Lakh	499
Unsecured loans	Rs. Lakh	232
Total	Rs. Lakh	893
Estimated present gearing	Times	0.89

*(As at 31st August)

Projected/estimated performance in		2016-17	2017-18
Net sales	Rs. Lakh	9,001.00*	14,269.60*
PBT	Rs. Lakh	829.23	1,412.83
PBT margin	%	9.21	9.90

*Management estimate

Note: The management is projecting more sales on account of more orders expected from customers.

PAST FINANCIAL PERFORMANCE

PROFIT AND LOSS ACCOUNT

For the period ended		2015-16	2014-15	2013-14
		Audited	Audited	Audited
Number of months		12	12	-
Net sales	Rs. Lakh	5,698.14	4,056.06	2,040.55
Operating income	Rs. Lakh	5,698.14	4,057.50	2,040.55
Cost of sales	Rs. Lakh	5,103.31	3,660.58	1,849.46
OPBDIT	Rs. Lakh	594.82	396.92	191.09
Interest and finance costs	Rs. Lakh	33.84	13.51	8.07
OPBDT	Rs. Lakh	560.98	383.41	183.02
Depreciation	Rs. Lakh	55.05	27.21	7.68
OPBT	Rs. Lakh	505.94	356.20	175.34
Non-operating income / (expense)	Rs. Lakh	7.96	2.36	0.71
PBT	Rs. Lakh	513.89	358.56	176.05
Extraordinary income / (expense)	Rs. Lakh	0.05	-	-
Reported PBT	Rs. Lakh	513.94	358.56	176.05
Provision for taxes	Rs. Lakh	163.59	117.90	58.01
Deferred tax liability / (asset)	Rs. Lakh	7.91	(0.71)	(0.80)
PAT	Rs. Lakh	342.44	241.37	118.84
Dividends	Rs. Lakh	-	-	-
Net cash accruals	Rs. Lakh	397.49	268.58	126.52

Notes:

- Net sales increased year-on-year as the company had orders for setting up of telecom towers for Reliance Jio in southern states (expecting in Kerala).
- Interest and finance costs for 2015-16 comprise interest on borrowings worth Rs.30.65 lakh and bank charges worth Rs.3.19 lakh.
- Depreciation is charged according to the provisions of the Companies Act, 2013.
- Non-operating income during 2015-16 refers to interest income for Rs.1.14 lakh, rental income for Rs.1.24 lakh, and other non-operating income for Rs.5.58 lakh.
- Extraordinary income during 2015-16 refers to profit on sale of assets.
- Deferred tax was provided over the past three years (2015-16, 2014-15, and 2013-14) according to the provisions of the Companies Act, 2013.

BALANCE SHEET

		31-Mar-2016	31-Mar-2015	31-Mar-2014
		Audited	Audited	Audited
Liabilities				
Tangible net worth	Rs. Lakh	781.88	463.13	221.79
Deferred tax liabilities / (assets)	Rs. Lakh	6.34	(1.58)	(0.86)
Long-term debt	Rs. Lakh	676.48	262.90	207.31
of which, current portion of long-term debt	*Rs. Lakh*	-	*2.27*	*2.27*
Short-term debt	Rs. Lakh	211.40	33.73	8.73
of which, working capital borrowing from banks	*Rs. Lakh*	*211.40*	*33.73*	*8.73*
Other liabilities and provisions	Rs. Lakh	1,329.35	760.04	662.99
Total liabilities	**Rs. Lakh**	**3,005.45**	**1,518.22**	**1,099.96**
Assets				
Net fixed assets	Rs. Lakh	896.95	268.01	51.97
Investments	Rs. Lakh	-	3.69	18.48
Inventory	Rs. Lakh	428.82	434.88	234.16
Receivables (total)	Rs. Lakh	1,216.60	447.63	580.21
of which, receivables greater than six months	*Rs. Lakh*	-	-	-
Cash and bank balance	Rs. Lakh	55.27	96.71	45.60
Other current assets	Rs. Lakh	407.81	267.30	169.54
Total assets	**Rs. Lakh**	**3,005.45**	**1,518.22**	**1,099.96**

Notes:

- Long-term debt as on March 31, 2016 comprises vehicle loan and term loan from The Federal Bank Limited of Rs.444.48 lakh and HDB Financial Services Limited of Rs.35.44 lakh, respectively and unsecured loans from promoters and family of Rs.232.00 lakh (all unsecured loans are interest free)
- Short-term debt as on March 31, 2016 comprises cash credit availed from The Federal Bank Limited.
- Other liabilities and provisions as on March 31, 2016 comprise creditors for goods of Rs.716.66 lakh, other current liabilities of Rs.576.29 lakh, and provisions of Rs.36.40 lakh.
- Fixed assets worth Rs.683.99 lakh were added during 2015-16. The following were the main fixed assets added during the year:
  - Site equipment of Rs.28.93 lakh
  - Plant and machinery for Rs.507.95 lakh
  - Furniture and fixture for Rs.18.35 lakh
  - Computers and accessories for Rs.9.00 lakh
  - Office equipment for Rs.7.16 lakh
  - Vehicles for Rs.17.45 lakh
  - Building for Rs.94.15 lakh
- Inventory as on March 31, 2016 comprises work- in- progress of Rs.336.83 lakh, closing stock of UPVC of Rs.47.80 lakh, and closing stock of Rs.44.19 lakh.
- Other current assets as on March 31, 2016 comprise balances with government authorities of Rs.209.94 lakh, advances to employees of Rs.19.70 lakh, advances to vendors of Rs.121.23 lakh, prepaid expenses of Rs.6.49 lakh, and security deposits of Rs.50.45 lakh.

KEY FINANCIAL RATIOS

For the period ended / as at		31-Mar-2016	31-Mar-2015	31-Mar-2014
		Audited	Audited	Audited
OPBDIT margin	%	10.44	9.78	9.36
PAT margin	%	6.01	5.95	5.82
Return on capital employed	%	45.01	62.26	62.92
Gross current assets	days	134	112	184
Days inventory (on COP)	days	31	43	46
Days receivable (on gross sales)	days	78	40	104
Days payable (on materials)	days	69	53	664
Current ratio	Times	1.37	1.55	1.55
PBDIT Interest cover	Times	17.81	29.55	23.77
Net cash accruals/Total debt	%	44.77	90.53	58.56
Debt service coverage ratio	Times	7.01	15.97	7.31
Average cost of borrowing	%	5.71	5.27	6.17
Total outside liabilities/Tangible net worth	Times	2.84	2.28	3.96
Gearing - Total debt/Tangible net worth	Times	1.14	0.64	0.97
Gearing (considering promoter loans as neither debt nor equity)	Times	0.84	0.21	0.07

Notes:

- Operating margin increased in 2015-16 mainly on account of decrease in cost of electrical works, repairs and maintenance, and other direct expenses as a per cent of operating income.
- Receivables and payables as on March 31, 2016 and March 31, 2015 were in line with credit terms of the company.

FUND FLOW STATEMENT

For the period ended		31-Mar-2016	31-Mar-2015
Sources of funds			
Net cash accruals	Rs. Lakh	397.49	268.55
Equity infusion / Share application money	Rs. Lakh	-	0.00
Long-term debt borrowed (net)	Rs. Lakh	415.85	55.59
Short-term debt borrowed (net)	Rs. Lakh	175.40	25.00
Decrease in net current assets	Rs. Lakh	-	-
Sale of investments / fixed assets	Rs. Lakh	-	-
Other sources	Rs. Lakh	7.92	24.81
Total sources of funds	**Rs. Lakh**	**996.66**	**373.95**
Uses of funds			
Investment and fixed assets purchased	Rs. Lakh	683.97	243.97
Decrease in tangible net worth	Rs. Lakh	23.70	-
Long-term debt repaid (net)	Rs. Lakh	-	-
Short-term debt repaid (net)	Rs. Lakh	-	-
Increase in net current assets	Rs. Lakh	265.94	128.78
Other uses	Rs. Lakh	23.05	1.20
Total uses of funds	**Rs. Lakh**	**996.66**	**373.95**

Notes:

- Other sources as on March 31, 2016 refer to receivables.
- The decrease in tangible net worth in 2015-16 was on account of pre-operative expenses.

CONTINGENT LIABILITIES

Contingent liabilities as on March 31, 2016: Nil

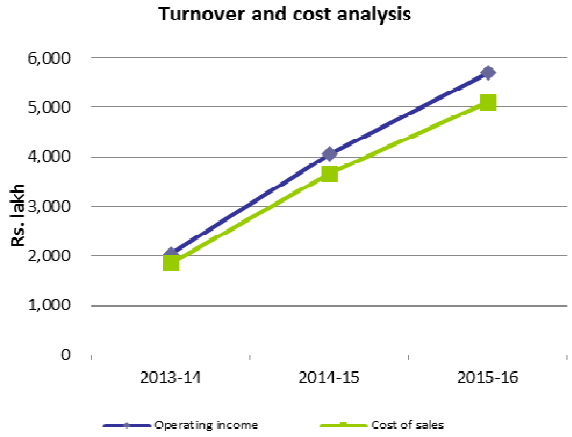
AUDITORS

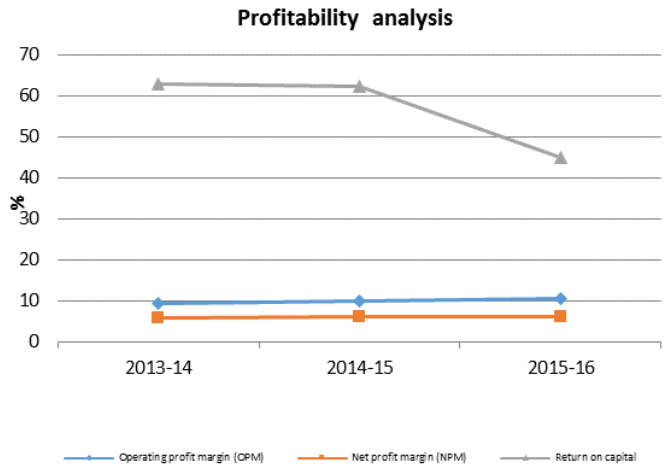
M/s Jalagam and Associates, Chartered Accountants
Flat no. 304, Block B, Vivekananda Heights
Brundavan Estates, Nizampet x Roads
Kukatpally, Hyderabad – 500 085, Telangana

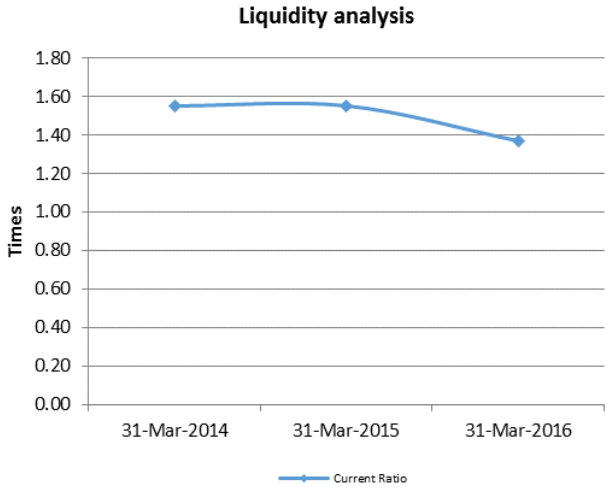
Auditors' comments and observations in their audit report for 2015-16, 2014-15, and 2013-14: No adverse comments and observations

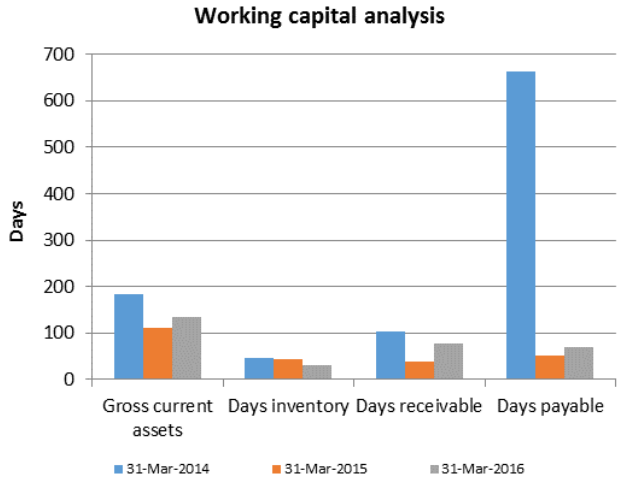
Change in auditors, if any: None

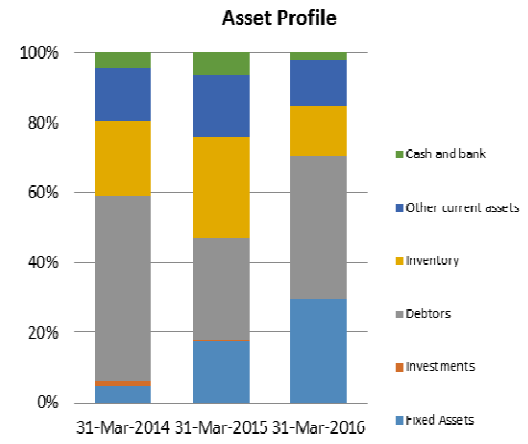
GRAPHS

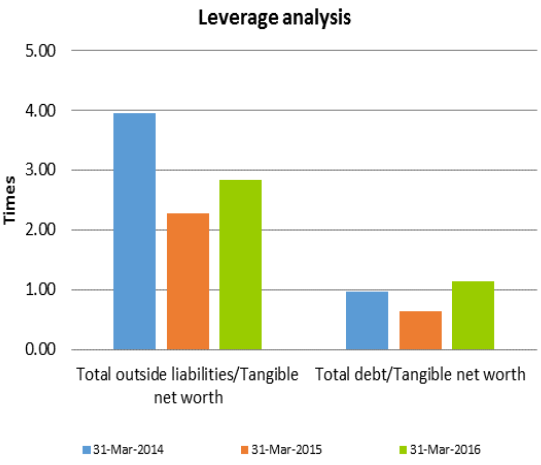

Turnover and cost analysis
Rs. lakh
6,000
5,000
4,000
3,000
2,000
1,000
0
2013-14
2014-15
2015-16
Operating income
Cost of sales


Profitability analysis
%
70
60
50
40
30
20
10
0
2013-14
2014-15
2015-16
Operating profit margin (OPM)
Net profit margin (NPM)
Return on capital


Liquidity analysis
Times
1.80
1.60
1.40
1.20
1.00
0.80
0.60
0.40
0.20
0.00
31-Mar-2014
31-Mar-2015
31-Mar-2016
Current Ratio


Working capital analysis
Days
700
600
500
400
300
200
100
0
Gross current assets
Days inventory
Days receivable
Days payable
31-Mar-2014
31-Mar-2015
31-Mar-2016


Asset Profile
100%
80%
60%
40%
20%
0%
31-Mar-2014
31-Mar-2015
31-Mar-2016
Cash and bank
Other current assets
Inventory
Debtors
Investments
Fixed Assets


Leverage analysis
Times
5.00
4.00
3.00
2.00
1.00
0.00
Total outside liabilities/Tangible net worth
Total debt/Tangible net worth
31-Mar-2014
31-Mar-2015
31-Mar-2016

BANKING FACILITIES

Name and location of the bank	Length of relationship	Facilities availed	Type of facility	Loan amount	Rate (%)
The Federal Bank Limited, Hyderabad	2 years	Vehicle loan	Fund-based limit	Rs.9.83 lakh*	9.75
		Term loan		Rs.399.19 lakh*	11.50
		Cash credit[3]		Rs.200 lakh**	
		Bank Guarantee	Non-Fund based limit	Rs.150.00 lakh	Not applicable
HDB Financial Services Limited		Loan Against Property (LAP)	Fund-based limit	Rs.35.44 lakh*	9.50

*Outstanding as on March 31, 2016

**Sanctioned limit

Feedback: The account performance is good. CRISIL has received feedback verbally from the banks.

[3] Average utilisation of cash credit limit is 60.00 per cent to 65.00 per cent, as confirmed by the management.

SITE VISIT

Address of the site visited	:	No: A11/B, beside Gati Godown, B Block, Autonagar, Gajuwaka, Visakhapatnam – 530 026, India.
Date of site visit	:	29-Sept-2016
No. of floors occupied	:	1
Size of premises	:	5,000.00 sq. ft
Number of employees at the location	:	10 (at the time of site visit)
Child labour at the site	:	No
Locality	:	Industrial
Location area	:	Urban
Site location	:	Side lanes
Site used as		Administrative office Regional office Sales office Factory or works Warehouse
Site layout	:	Spacious and well-organised
Space around the building / structure	:	Front porch Backyard Side space
Location advantages	:	LOCALLY GOOD ADVANTAGE DUE TO IT'S COMMERCIAL BELT AREA
State of infrastructure	:	▪ Power: Stable ▪ Backup power: Unavailable ▪ Water: Available ▪ Labour unions: None ▪ Transportation: Easily available ▪ Overall infrastructure: Satisfactory
Electricity consumption	:	Data not provided to CRISIL
Building structure	:	Permanent structure
Ownership of premises	:	Rented
Owned / rented / leased by	:	Rented
Sharing premises with group concern	:	No
Facilities available at the site	:	▪ Telephone ▪ Internet ▪ Security guards ▪ Name or sign boards ▪ Fire extinguisher ▪ Drinking water ▪ Transport arrangement ▪ Boundary wall ▪ Drainage and sewerage ▪ Boundary wall ▪ Pantry and canteen

ANEXURE A (As stipulated by NSIC)

FINANCIAL PROFILE

Profit and loss account				
For the period ended		**2015-16**	**2014-15**	**2013-14**
	Number of months	12	12	
Net sales	Rs. Lakh	5,698.14	4,056.06	2,040.55
Operating income	Rs. Lakh	5,698.14	4,057.50	2,040.55
Operational expenses:	Rs. Lakh	4,697.04	3,439.63	1,737.52
Raw material cost	Rs. Lakh	707.94	505.85	177.30
Employee cost	Rs. Lakh	1,212.99	616.37	325.75
Electricity cost	Rs. Lakh	11.17	159.50	15.35
Other direct expenses	Rs. Lakh	2,764.95	2,157.91	1,219.12
Cost of sales	Rs. Lakh	5,103.32	3,660.58	1,849.46
Depreciation	Rs. Lakh	55.05	27.21	7.68
Cash profit	Rs. Lakh	397.49	268.58	126.52
Net profit / loss after tax	Rs. Lakh	342.44	241.37	118.84

Notes:

- Other direct expenses refer to other manufacturing expenses excluding raw material consumption, consumable stores, power and fuel, and employee cost.
- Operational expenses include raw material consumption, consumable stores, power and fuel, employee cost, and other manufacturing expenses.
- Cost of sales is the sum of operational expenses, selling expenses, general administrative expenses and other indirect expenses.
- Cash profit, also known as net cash accrual, indicates the level of cash accrued from operations. It is computed as profit after tax - dividend + depreciation.

Balance Sheet				
		31-Mar-2016	**31-Mar-2015**	**31-Mar-2014**
Liabilities				
Capital	Rs. Lakh	781.88	463.13	221.79
Deferred tax liabilities / (assets)	Rs. Lakh	6.34	(1.58)	(0.86)
Long-term debt	Rs. Lakh	676.48	262.90	207.31
Short-term debt	Rs. Lakh	211.40	33.73	8.73
Other liabilities and provisions	Rs. Lakh	1,329.35	760.04	662.99
Total Liabilities	**Rs. Lakh**	**3,005.45**	**1,518.22**	**1,099.96**
Assets				
Fixed assets (land and building) (net)	Rs. Lakh	-	-	-
Plant and machinery (net)	Rs. Lakh	-	-	-
Other fixed assets (net)	Rs. Lakh	896.95	268.01	51.97
Investments	Rs. Lakh	-	3.69	18.48

Inventory/work-in-progress/ finish goods	Rs. Lakh	428.82	434.88	234.16
Receivables upto 6 months	Rs. Lakh	1,216.60	447.63	580.21
Receivables greater than 6 months	Rs. Lakh	-	-	-
Cash and bank balance	Rs. Lakh	55.27	96.71	45.60
Other current assets	Rs. Lakh	407.81	267.30	169.54
Total assets	**Rs. Lakh**	**3,005.45**	**1,518.22**	**1,099.96**

Notes:

- Capital refers to the tangible net worth

Key Financial Ratios				
For the period ended / as at		**31-Mar-2016**	**31-Mar-2015**	**31-Mar-2014**
Sales growth	%	40.48	98.77	N/A
Receivable -collection period	Days	78	40	104
Return on capital employed	%	45.01	62.26	62.92
Current ratio	Times	1.37	1.55	1.55
Debt service coverage ratio (If applicable)	Times	7.01	15.98	7.31
Gearing-Debt/Equity	Times	1.14	0.64	0.97
Total outside liabilities/Net worth	Times	2.84	2.28	3.96
Net profit	%	6.01	5.95	5.82

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