



Rating Rationale

A K Infraprojects Pvt. Ltd

13 Feb 2019

Brickwork Ratings upgrades the ratings for the Bank Loan Facilities of ₹. 27.00 Crores of A K Infraprojects Pvt. Ltd.

Particulars

Facility	Previous Amount (₹ Crs)	Amount (₹ Crs)	Tenure	BWR Previous Rating (December, 2017)	Rating*
Fund based Cash Credit	4.50	12.00	Long Term	BWR B+ (Pronounced as BWR B Plus) Outlook: Stable	BWR BB (Pronounced as BWR Double B) Outlook: Stable (Upgrade)
Non Fund Based Bank Guarantee	15.00	15.00	Short Term	BWR A4 (Pronounced as BWR A Four)	BWR A4 (Pronounced as BWR Single A four) (Reaffirmed)
Total	19.50	27.00	INR Twenty Seven Crores Only/-		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rating sensitivities:

BWR principally relied upon the audited financial results upto FY18, projections for the financials FY19 and FY20, the information and documents provided by the client, as well as the publicly available information.

The company draws rating strength from experienced management, growing tangible net worth, increasing profit margins and stable liquidity position. Going forward the ability of the company to expand and increase its scale of operations and diversify its customer base would remain remain the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

- **Experienced Management :-** Management of the company is having more than two decades of



experience and are having well established relationship with the government departments. Also the promoters understand the business very well which will help the company to get more and more business successfully.

- **Growing Tangible Net Worth :-** The company's financial risk profile comprises of growing Tangible Net Worth over the years, from Rs. 2.20 crs. in the FY17 (Audited) to Rs. 7.36 crs. in the FY18 (Audited).
- **Increasing profit margins :-** The profit margins of the company has been increasing over the years, with Operating Profit margin increasing from 3.86 in the FY17 (Audited) to 4.65 in the FY18 (Audited) and Net Profit Margin increasing from 1.23 in the FY17 (Audited) to 2.21 in the FY18 (Audited).
- **Stable Liquidity Position:-** As per the Audited financials for the FY18, current ratio of the company stands at 2.44, which is good enough to meet short term liabilities. Considering that the company is in a civil construction business, the conversion cycle of the company of 36 days is considered good and it implies, the liquidity profile of the company is stable.

Credit risks:

- **Growing but moderate scale of operations :-** Although turnover of the company has increased from Rs. 47.39 crs. in the FY17 (Audited) to Rs. 74.62 crs. in the FY18 (Audited), the scale of operations continues to be moderate.
- **Concentration Risk :-** The company is majorly working with PSUs and receives orders on tender basis which exposes it to the risk of tender based business.
- **Fragmented and Unorganised Sector :-** The civil construction sector is marked by the presence of several mid to big sized players. The company faces huge competition from other players.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **A K Infraprojects Pvt. Ltd** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company:-

M/s A K Infraprojects Pvt. Ltd. was incorporated as a private limited company by Pathak family in 2008 and is engaged in the business of Civil Construction since 2009. The company is based out in Varanasi, Uttar Pradesh. It is majorly into road construction and undertakes projects of Government Departments, like PWD, PMGSY and some PSUs.

Company Financial Performance

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		(Audited)	(Audited)
Operating Revenue	₹ Cr	74.62	47.39
EBITDA	₹ Cr	3.47	1.83
PAT	₹ Cr	1.65	0.58
Tangible Net worth	₹ Cr	7.36	2.20
Total Debt/Tangible Net worth	Times	2.30	4.86
Current Ratio	Times	2.44	5.18

Rating History for the last three years

S. No	Instrument /Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	December, 2017	October, 2016	FY15
	Fund Based Cash Credit	Long Term	12.00	BWR BB (Pronounced as BWR Double B) Outlook: Stable	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable	N/A
	Non Fund Based Bank Guarantee	Short Term	15.00	BWR A4 (Pronounced as BWR A Four) (Reaffirmed)	BWR A4 (Pronounced as BWR A Four)	BWR A4 (Pronounced as BWR A Four)	
	Total		27.00	INR Twenty Seven Crores Only/-			



Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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