



Rating Rationale

A K Infraprojects Pvt Ltd

8 December 2017

Brickwork Ratings reaffirms ratings for the Bank Loan Facilities of A K Infraprojects Pvt. Ltd.

Particulars

Facility	Tenure	Previous Amount	Current Amount	Previous Rating	Rating Assigned
Cash Credit	Long Term	4.50	4.50	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable	BWR B+ (Pronounced as BWR Single B Plus) (Reaffirmed) Outlook: Stable
Bank Guarantee	Short Term	15.00	15.00	BWR A4 (Pronounced as BWR Single A Four)	BWR A4 (Pronounced as BWR Single A Four) (Reaffirmed)
Total		19.50	19.50	Rupees Nineteen Crore and Fifty Lakhs only	

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

Rating Reaffirmed.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results up to FY17, projected financials up to FY19, publicly available information and information / clarifications provided by the company.

The ratings continue to draw comfort from the extensive experience of the promoters in the business, increase in topline in FY17 and comfortable ROCE. The rating is, however, constrained by high leverage, weak debt protection metrics and concentration risk as the company is majorly undertaking projects for government departments.

Credit Strengths:

- **Experience of Directors:** The directors of the company have vast experience of more than 2 decades in the line of business.
- **Improvement in Topline:** The company's topline is improving constantly for the last 3 years. In FY17, the revenue has increased by 33% relevant to FY16.
- **Comfortable ROCE:** The ROCE has also improved in FY17 to 17.78% from 15.98% in FY16.

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Credit Weaknesses:

- **High Leverage:** The leverage ratio, denoted by TOL/ TNW is high. Although the same has improved from 8.78 times in FY16 to 5.81 times in FY17. But the same is still on higher side.
- **Concentration risk:** The company is majorly working with PSUs and orders are received on tender basis which exposes it to the risk of uncertainty associated with tender based business.

Rating Outlook: Stable

BWR believes the A K Infraprojects Pvt Ltd's 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

A K Infraprojects Pvt Ltd was promoted by Pathak Family in 2008 and since then the company is engaged in the business of civil construction. The company is based in Varanasi, Uttar Pradesh. The company is majorly into road construction work. The company is undertaking projects from govt. departments like PWD, PMGSY etc and from PSUs like SAIL.

Company Financial Performance

	Unit	FY16 (Aud)	FY17 (Aud)
Net Sales/Revenues	Rs. in Cr	35.63	47.39
EBIDTA	Rs. in Cr	1.34	1.83
PAT	Rs. in Cr	0.04	0.71
Tangible Networth	Rs. in Cr	1.64	2.34
Total Debt : TNW	Times	3.78	4.45
Current Ratio	Times	1.28	2.01



Rating History for the last three years: (including withdrawn/suspended ratings)

S.No.	Instrument/ Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs Cr)	Rating	2016	2015	2014
1	Cash Credit	Long Term	4.50	BWR B+ Outlook : Stable Reaffirmed	B+	NA	NA
2	Bank Guarantee	Short Term	15.00	BWR A4 Reaffirmed	A4	NA	NA
			Rs.19.50 Crores (Rupees Nineteen Crore and Fifty Lakhs only)				

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

Any other information – NIL

Hyperlink/Reference to applicable Criteria

- [Approach to Financial Ratios](#) [General Criteria](#)
- [Services Sector](#) [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, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

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