

Rating Rationale

Brickwork Ratings assigns the rating for the Bank Loan Facilities aggregating ₹ 19.50 Crores of A K Infraprojects Pvt. Ltd

Brickwork Ratings has assigned following **Ratings¹** for the Bank Loan Facilities of A K Infraprojects Pvt. Ltd. (AKIPL or the “Company”):-

Facility	Outstanding Limits	Tenure	Rating Assigned
Fund Based			
Cash Credit	4.50	Long Term	BWR B+ Pronounce BWR Single B Plus Outlook: Stable
Non Fund Based			
BG	15.00	Short Term	BWR A4 Pronounced BWR A Four
Total	19.50	INR Nineteen Crores and Fifty Lakhs Only	

BWR has essentially relied upon audited financial results of A K Infraprojects Pvt. Ltd. upto FY15, provisional financials for FY16 and projected financial data for FY17 and FY18, publicly available information and information provided by the management.

The ratings have, inter alia, factored in the experienced management, considerable increase in sales and moderate liquidity. The ratings are, however, constrained by low profitability margins, low tangible net worth and hence highly leverage structure and weak debt protection metrics.

Background:

M/s A K Infra Projects 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 out is Varansai, Uttar Pradesh.

The company is undertaking projects from govt. departments like PWD, PMGSY etc and from PSUs like SAIL. Majorly the company is into road construction.

Financial Performance:

As per the audited financial, AKIPL’s operating income stood at Rs. 33.02 Crs. EBIDTA for the company stood at Rs. 0.53 Crs. in FY15. Operating profit margin and net profit margin for the company stood at 1.61% and 0.20% respectively in FY15. ISCR and DSCR for the company stood at 1.13 times and 1.03 times respectively in FY15. Tangible network for the company was Rs. 1.60 Cr. as on the 31st March 2015. Current ratio for the company stood at 1.25 times in FY15.

As per the provisional financial for FY16, the company has reported a sales of Rs. 40.07 Crs with a PAT of Rs. 0.07 Crs.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Rating Outlook:

The rating outlook is expected to be stable over the current year. Going forward, scaling up of business, capital infusion, meeting projections and ensuring timely servicing of debt would be the key rating sensitivities.

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