

Rating Rationale

Brickwork Ratings assigns long term rating of 'BWR B+' for the Bank Loan Facilities amounting ₹ 5 Cr of Abdul Kalam Azad

Brickwork Ratings (BWR) has assigned the following **Rating¹** for Bank Loan Facilities of Abdul Kalam Azad (AKA or “the firm”).

Facility	Limits (₹ Cr)	Tenure	Rating ¹
Fund Based:			
Cash Credit	5.00	Long Term	BWR B+ (Pronounced BWR B Plus) Outlook: Stable
Total	5.00	INR Five Crores Only	

BWR has principally relied upon the audited financial results up to FY15, publicly available information and information/clarifications provided by the management.

The ratings continue to factor extensive experience of the proprietor in the civil construction line of business, established status as a Class I civil contractor with an operational track record of fifteen years. However, the ratings remain constrained by risks relating to tender based nature of business operations, dependence on Government contracts & geographical concentration risk.

Background:

M/s. Abdul Kalam Azad was established as a proprietorship concern in 2001 in Shimoga, Karnataka by Mr. Abdul Kalam Azad. The firm is a Class I Civil and PWD contractor. The firm undertakes tender based civil construction projects such as road construction projects (i.e. National Highway construction work, State Highway construction work, road expansion and maintenance work, rural road development work, etc.), bridge construction projects and other civil construction projects with in Karnataka. The firm undertakes works for Public Works Department (PWD), National Highways Authority of India (NHAI), etc. Mr. Abdul Kalam Azad is also a partner in “National Gold Palace” and “National Enterprises” which are into sale of gold and diamond jewellery and cement dealership business respectively.

Financial Performance:

The firm has reported revenue of ₹16.20 Cr in FY15 as against ₹27.14 Cr in FY14. Net profit margin and operating profit margin was 5.54 per cent and 14.39 per cent respectively in FY15. Tangible net worth of the firm stood at ₹5.71 Cr as on March 31, 2015.

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 financial year. Going forward, the firm's ability to scale up its operations, improve profit margins, efficiently manage working capital and effectively execute its projects in a timely manner will remain the key rating sensitivities.

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