



**Rating Rationale**

**Abirami Engineering Construction & Co.**

**11Apr2018**

**Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹. 9.00 Crores of Abirami Engineering Construction & Co.**

**Particulars**

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous(Nov, 2016)	Present
<b>Fund based Overdraft Project OD</b>	<b>5.00</b> <b>4.00</b>	<b>5.00</b> <b>--</b>	<b>Long Term</b>	<b>BWR B+</b> <b>(Pronounced as BWR single B plus)</b> <b>Outlook: Stable</b>	<b>BWR BB-</b> <b>(Pronounced as BWR double B minus)</b> <b>Outlook: Stable (Upgraded)</b>
<b>Non Fund Based Bank Guarantee</b>	<b>4.00</b>	<b>4.00</b>	<b>Short Term</b>	<b>BWR A4</b> <b>(Pronounced as BWR A four)</b>	<b>BWR A4</b> <b>(Pronounced as BWR A four)</b> <b>(Reaffirmed)</b>
<b>Total</b>	<b>13.00</b>	<b>9.00</b>	<b>INR Nine Crores Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

**Ratings: Long term rating upgraded and short term rating reaffirmed**

**Rationale/Description of Key Rating Drivers/Rating sensitivities:**

BWR has essentially relied upon the audited financial results up to FY17, and clarifications provided by the Firm's management.

The ratings factors inter alia, continues to draw strength on the extensive industry experience of the promoters, established relationship with Government departments, increased revenues, low gearing,, increased profit margins and revenue visibility backed by contracts. However, the rating is constrained by low net worth, tender based nature of business, inherent risk of the constitution of the firm working capital intensive nature of business and geographical concentration risk.

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Going forward, The ability of the Firm to enhance growth in operations with further increase revenues , improve profit margins , further improve the order book position would be the key rating sensitivities.

### **Description of Key Rating Drivers**

- **Credit Strengths:** Experience of one promoter is more than two decades, revenues increased from Rs.25.93 Crs in FY16 to Rs. 99.33 Crs in FY17. Gearing stood at 0.07 times for FY17. Net profit margins and operating profit margins stood at 8.00% and 8.96% in FY17.
- **Credit Risks:** Networth of the firm stood at Rs. 9.27 Crs in FY17. Inherent risk being partnership concern

### **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 **Abirami Engineering Construction & Co.** 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 Firm**

M/s Abirami Engineering Construction & Co was incorporated as partnership firm in the year 2000 located at Namakkal in Tamil Nadu and is engaged with 100% civil construction works for the PWD departments in Tamil Nadu. Firm is managed by three partners Mr.S. Sabarish, Mrs. K R Santhi and Ms. S. Abinaya. Mrs. K R Santhi has more than two decades of experience in construction industry . The firm is registered as Class I Contractor for Public works Departments (P.W.D) Tamil Nadu. So far, the firm has reportedly executed works related to building, renovations and other related Govt works.

### **Firm's Financial Performance**

The revenue has increased from Rs.25.93 Crs in FY16 to Rs. 99.33 Crs in FY17. Gearing stood at 0.07 times for FY17. Net profit margins and operating profit margins stood at 8.00% and 8.96% in FY17. Profit After Tax reported at Rs. 7.95 Crs in FY17. ISCR and DSCR are stood at 10.11 times and 10.60 times in FY17. The Firm has reported net worth of Rs. 9.27 Crs in FY17. Firm has reported revenues from April 2017 to December 2017 is Rs. 22.29 Crs and ongoing work orders of Rs. 86.91 Crs.



### Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type	Amount (₹ Crs)	Rating	9.11.2016	12.2.2015	2014
	<b>Fund Based Overdraft</b>	Long Term	5.00	<b>BWR BB- (Pronounced as BWR double B minus) (Outlook:Stable)</b>	<b>BWR B+ (Pronounced as BWR single B plus)</b>	<b>BWR B (Pronounced as BWR single B)</b>	<b>Not rated</b>
	<b>Non Fund Based Bank Guarantee</b>	Short Term	4.00	<b>BWR A4 (Pronounced as BWR A four)</b>	<b>BWR A4 (Pronounced as BWR A four)</b>	<b>BWR A4 (Pronounced as BWR A four)</b>	
	<b>Total</b>		<b>9.00</b>	<b>INR Nine Crores Only</b>			

Status of non-cooperation with previous CRA (if applicable)-Reason and comments: Nil

Any other information: Nil

### Key Financial Indicators

Key Parameters	Units	2015	2016	2017
Result Type		Audited	Audited	Audited
Operating Revenue	Rs. In Crs	25.61	25.93	99.33
EBITDA	Rs. In Crs	1.82	2.13	8.90
PAT	Rs. In Crs	1.00	1.00	7.95
Tangible Net worth	Rs. In Crs	3.27	4.46	9.27
Total Debt/Tangible Net worth	Times	1.73	1.22	0.07
Current Ratio	Times	1.45	1.52	6.28



## Hyperlink/Reference to applicable Criteria

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

For any other criteria obtain hyperlinks from website

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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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto: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 ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.



#### **DISCLAIMER**

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