

Rating Rationale

Brickwork Ratings assigns 'BWR B' & 'BWR A4' for the Bank Loan facilities of ₹ 8.00 Cr of M/S Abirami Engineering Construction & Co

Brickwork Ratings has assigned following **Rating¹** for the Bank Loan facilities amounting to ₹ 8.00 Cr of M/s Abirami Engineering Construction & Co. (*"the firm"*)

Facility	Existing Limits(₹ Cr)	Proposed Enhanced Limits (₹ Cr)	Tenure	Rating
Fund Based Overdraft	3.00	2.00	Long Term	BWR B (Outlook: Stable)
Non Fund Based Bank Guarantee	1.90	1.10	Short Term	BWR A4 (BWR A Four)
Sub-Total	4.90	3.10	INR Eight Crores Only	
Total	8.00			

Facilities are with Tamilnad Mercantile Bank Ltd

BWR has principally relied upon the audited financials upto-FY14, publically available information and information/clarifications provided by the firm's management.

The rating factors inter alia, promoters' experience established relationships with government departments, moderate order book position and moderate profit margins. However, the rating is constrained by small scale of operations, risks related to the tender based nature of operations, geographical concentration and delayed payments due to dependence on Government and sanction risk of the proposed enhancement

Background:

M/s Abirami Engineering Construction & Co was incorporated as a partnership firm in 2000 located at Namakkal in Tamil Nadu and is engaged with 100% civil construction works for the P.W.D departments in Tamil Nadu. Firm is managed by two partners Mr. K R Subramaniyan and his wife Mrs. K R Santhi who held equal number of shares in the firm. Mr. Subramaniyam has more than three decades of experience in construction industry. The firm is registered as Class-I Contractor for Public Works Department (P.W.D) Tamil Nadu. So far, the firm has reportedly executed works related to buildings, renovations and other related Govt. works, the details of which were not provided

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

Financial Performance:

The revenue of the firm has increased from Rs. 14.12 Cr in FY13 to Rs. 17.00 Cr in FY14. Operating and net profit margins were recorded at 7.83 % and 4.74 % respectively in FY14. PAT reported at Rs. 0.81 Cr in FY14. The net-worth of the firm marginally improved from Rs. 2.14 Cr in FY13 to Rs. 2.36 Cr in FY14. Firm's gearing level stood at 1.56 times in FY14. The firm's liquidity position reported at 1.50 times in FY 14.

Rating Outlook:

The outlook of the firm for the next one year is expected to be stable. Going forward, ability of the firm to improve scale of operations, diversifying customer base thereby resulting in improving profitability margins, to maintain liquidity position by optimizing the operating cycle, ability to maintain favorable capital structure and ensure timely receivables will remain key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

Disclaimer: Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.