

Rating Rationale

Brickwork Ratings has Upgraded the Long term rating to ‘BWR BBB-’ & the Short term rating to ‘BWR A3’ for Bank Credit Facilities of Alectra Construction Limited.

Brickwork Ratings has upgraded the **Rating¹** for Bank Credit Facilities sanctioned by State Bank Of India aggregating Rs.22.60 Cr of Alectra Construction Limited (‘ACL or the Company’) as follows:

Facilities	Previous Amount (₹ Cr)	Present Amount (₹ Cr)	Tenure	Previous Rating	Present Ratings ¹
Cash Credit	4.00	4.00	Long Term	BWR BB+ (Outlook:Stable)	BWR BBB- (Outlook: Stable) (Upgraded)
Stand By Line of Credit	0.60	0.60	Short Term	BWR A4+	BWRA3 (Upgraded)
Bank Guarantee	18.00	18.00			
Total	22.60	22.60	INR Twenty Two Crores & Sixty Lakhs Only		

BWR has essentially relied upon the audited financial of FY12, FY13 and FY14, provisional for FY15 and projections for FY16 and FY17, publicly available information and information/clarification provided by the Company’s management. The rating continues to factor the established position of the Company in the industry since 1982 with significant share in the local domestic market, vast experience of more than three decades of the management in the same line of business, healthy operating margins, low gearing, moderate net worth as compared to scale of operations and healthy revenue visibility for next two years. However, the ratings are constrained by the tender based nature of the business, high working capital intensive nature of operation and susceptibility to any adverse variation in the prices of raw materials.

Company Profile:

Alectra Construction Limited was established in the year 1982 as a partnership firm and later in 2004, it was reconstituted as a public limited Company. The Company is currently engaged in the civil construction work under NHAI, RCD, PWD and NHPC in Bihar.

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

The Company is registered as class A1 contractor under contractor list of Government of Bihar. Apart from Alectra Construction Limited (ACL), the Group consists of Mani Cold Storage Private Limited, wholly owned subsidiary of ACL, management of which is also in the hands of the management of ACL.

Management:

The management is led by Mr. Anil Kumar Singh, Managing Director, B.E.(Civil) by qualification and his son Mr. Dhananjay Singh, MBA by qualification. The other two directors, Ms. Rashila singh (w/o of Mr. Anil Kumar Singh) and Ms. Archana Singh(w/o Mr. Dhananjay singh) are not participating in the day to day activity of the Company

Financial Performance:

During FY15 (Prov.), the Company has reported a revenue of Rs.107.60 Cr as against Rs. 95.78 Cr in FY14 (Aud.) and Rs.42.14 Cr in FY13 (Audited). The net profit of the Company has increased to Rs.6.31 Cr in FY 15(Prov.) as against Rs.4.99 Cr in FY 14 (Aud.) and Rs.1.68 Cr (Aud.) in FY 13. The Leverage of the Company stood at 0.25 times in FY 15 (Prov.) as against 0.37 times in FY 14(Aud.). The Company has reported a net worth of Rs.23.49 Cr in FY 15(Prov.) as against Rs.17.17 Cr in FY 14 (Aud.)

Rating Outlook:

The outlook is expected to remain stable over the next twelve months. The Company needs to analyze the market for improving the turnover and also manage its working capital efficiently, for better results. Further the ability of the Company to achieve projected financial, improving the tender conversion ratio, and further improving the order book position would be the key rating sensitivities for the Company.

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