

Rating Rationale

Brickwork Ratings revises the rating to ‘BWR BBB-’ & ‘BWR A3’ for the Bank Loan Facilities aggregating ₹ 110 Cr (enhanced from ₹ 60 Cr) of Amrutha Constructions Pvt Ltd.

Brickwork Ratings (BWR) has revised the **Ratings¹** for the Bank Loan Facilities of Amrutha Constructions Private Limited (ACPL).

Facility	Previous (₹ Cr)	Present (₹ Cr)	Tenure	Rating (Revised)
Cash Credit (Fund Based)	30.00	35.00	Long Term	BWR BBB- (Pronounced as BWR Triple B Minus) (Outlook : Stable)
Bank Guarantee (Non-Fund Based)	30.00	75.00	Short Term	BWR A3 (Pronounced as BWR A Three)
Total	60.00	110.00	(INR One Hundred and Ten Crores only)	

BWR has principally relied upon the company’s audited financial results up to FY13, provisional statements for FY14 and projections up to FY16, publicly available information and information/clarification provided by the management.

The ratings have factored in the experience of the management in the Construction industry, established track record of the company, healthy revenue visibility, moderate capitalization, adequate liquidity and strong debt protection metrics. However, the rating is constrained by moderate profitability, geographic concentration in the revenue stream, and inherent risks associated with the sector.

Background

Amrutha Constructions Private Limited was established as a Proprietorship Concern known as P. Venkateshwara Rao & Co. in 1988 and later got converted into a Private Limited Company in 2006. The Company started with executing minor repair and routine maintenance works for Karnataka Public Works department and Minor Irrigation Department of the Government of Karnataka. Gradually, it started handling bigger Infrastructure and Construction projects for clients like KBJNL (Krishna Bhagya Jala Nigam Ltd), KNNL (Karnataka Neeravari Nigam Ltd), KIADB (Karnataka Industrial Areas Development Board) and KSCC (Kerala State Construction Corporation).

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

The Company is registered as a Class-I contractor with all these Government Departments and is also registered as a Special Class-I contractor with Irrigation Department, Government of Gujarat. ACPL currently has an outstanding order book position of Rs.967.15 Cr as on June 30, 2014 of which orders amounting Rs. 515.53 Cr are to be completed in FY15.

Management Details:

Mr. P. Venkateshwara Rao, the promoter as well as one of the directors of the Company, is Graduate in Science with an experience of 25 years holding about 49% shares of the Company. Ms. P. Padmavathi is another director of the company. She is also a Graduate in Science with an experience of 15 years holding 8% shares of the company. The remaining two directors are Ms. P. Amrutha and Ms. P. Amala who are MBA and BE respectively. Each of them holds 8% shares of the company. The remaining shares are held by Mr. Ravi Raju Bose who is associated with Bose Infra Energy India Private Limited and his relatives.

Financial Highlights:

The company recorded Net Revenue of Rs. 228.94 Cr and Net Profit Margin of 3.36% in FY13. The Tangible Net Worth stood at Rs. 26.12 Cr with an Overall Gearing of 1.97 times and a Current Ratio of 1.55 times as on March 31, 2013.

According to the Provisional statements for FY14, ACPL has recorded Net Revenue of Rs.343.57 Cr with a Net Profit Margin of 4.29%. The Tangible Net Worth stood at Rs. 40.86 Cr with an Overall Gearing of 1.57 times as on March 31, 2014 as per the provisional financials for FY14.

Rating Outlook:

The outlook is expected to be stable over the current year. Going forward, the ability of ACPL to increase its profitability with a healthy capital structure, expand geographic reach and diversify its customer base would be the key rating sensitivities.

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