

## Rating Rationale

**Brickwork Ratings Revises the rating to ‘BWR BBB’ & ‘BWR A3+’ for the enhanced Bank Loan Facilities aggregating ₹ 250 Cr (enhanced from ₹ 110 Cr) of Amrutha Constructions Pvt. Ltd.**

Brickwork Ratings (BWR) has revised the **Rating<sup>1</sup>** for the Bank Loan Facilities of Amrutha Constructions Private Limited (**ACPL**).

Facility*	Previous Limits (₹ Cr)	Enhanced Limits (₹ Cr)	Tenure	Earlier Rating	Revised Rating
Fund Based Cash Credit Limit	35.00	<b>65.00</b>	<b>Long Term</b>	BWR BBB- (Pronounced as BWR Triple B Minus) Outlook: Stable (Aug,2014)	<b>BWR BBB</b> (Pronounced as BWR Triple B) <b>Outlook: Stable</b>
Non-Fund Based Bank guarantee	75.00	<b>185.00</b>	<b>Short Term</b>	BWR A3 (Pronounced as BWR A Three) (Aug,2014)	<b>BWR A3+</b> (Pronounced as BWR A Three Plus)
<b>Total</b>	110.00	<b>250.00</b>	<b>INR Two Hundred &amp; Fifty Crores only</b>		

BWR has principally relied upon the company’s audited financial results up to FY15 and projections up to FY17, 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, consistent growth in revenues and profitability, healthy order book position ensuring revenue visibility upto FY17, moderate financial profile, adequate liquidity and strong debt protection metrics. However, the rating is constrained by increasing debt levels, geographic concentration in the revenue stream, and inherent risks associated with the sector.

### Background

Amrutha Constructions Pvt Ltd was established as a proprietorship concern known as P.Venkateshwara Rao & Co in 1985 and later got converted into a Private Limited Company in 2006. The Company started with executing the Irrigation works for Minor and Major Irrigation departments 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,) CNNL (Cauvery Neeravari Nigam Limited) KIADB (Karnataka Industrial Area Development Board) and Irrigation departments of Karnataka.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

The Company is registered as a Class - I Special Contractor with all these Government Departments and is also registered as Special Class - I contractor with Irrigation Department, Government of Telangana & AP. ACPL currently has an outstanding order book position of Rs. 750.00 Crs as on December 31, 2015 and L1 Order in pipeline worth of Rs. 650.00 Crs.

### Financial Highlights:

The company recorded Net Revenue of Rs. 514.49 Crs for FY15 when compared to Rs 344.04crs in FY14 witnessing a growth of 50%. Net Profit Margin has almost doubled in FY15 to Rs 26.73crs from Rs 13.87crs in FY14. For FY15, the Tangible Net Worth stood at Rs. 65.57 Crs against total debt of Rs 68.31crs resulting in a comfortable gearing of 1.04 times. The company has comfortable Debt protection metrics as reflected in ISCR of 2.76x and DSCR of 2.22x.

As per the provisional financials for 9months ending 31<sup>st</sup> December,2015, the company has achieved a turnover of Rs 390 crs, has a total debt of Rs 104crs and Networth of Rs 90.55 crs resulting in a moderate gearing of 1.15x.

### Rating Outlook:

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

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