Rating Rationale

Brickwork Ratings assigns 'BWR BBB-' rating for the Bank Loan Facilities amounting to ₹ 15.61 Cr of Barath Building Construction (India) Pvt Ltd.

Brickwork Ratings has assigned the following **Rating**[1] for the long term bank loan facilities amounting to Rs.15.61 Cr (Rupees Fifteen Crores and Sixty One Lakhs Only) of Barath Building Construction (India) Pvt. Ltd.

Facility	Existing Limit (₹ Cr)	Tenure	Ratings
Fund Based: **Cash Credit** **Drop Line OD**	**12.11*** **3.50**	**Long Term**	**BWR BBB-** **(Pronounced BWR Triple B Minus)** **(Outlook – Stable)**
Total	**15.61**		**INR Fifteen Crores and Sixty One Lakhs only**

Cash credit (Escrow account) O/S as on 24/2/2016

BWR has essentially relied upon the audited financial results up to FY15, and projected financials up to FY18, publicly available information and information/clarification provided by the firm's management.

The rating has factored, inter alia, Long track record of the promoters ,directors and associates with good experience, business synergies from its various group concern (BBCL Properties, BBCL Ventures and BBCL developers Pvt Ltd), who all in the same line of business. The rating is constrained by risk of project implementation and delay in execution, very high gearing and vulnerability of real estate industry due to cyclicality and economic slowdown.

Background

Barath Building Construction (India) Pvt Ltd (BBCPL) is a private limited company engaged in construction of real estate projects in Chennai, Tamil Nadu. The Company has completed around 33 projects in and around Chennai through joint venture route and by establishing SPV's for constructing residential and commercial projects. BBCPL has completed and handed over more than 9.8 Lakh sq. ft of constructed area so far. The Company presently has six ongoing projects in and around Chennai

Management Profile

Mr Ananth Vummidi is the managing director and Mr Barath Vummidi is the joint directors, managing the day to day operations of the company.

Financial Performance:

As per the FY 15 financials ,the company has achieved sales of Rs.28.04 Cr against Rs.32.02 Cr in FY14, witnessing a de growth of 12.42 %. PAT has increased from Rs.0.92 Cr in FY15 from Rs.0.81 Cr in FY14. As on FY15, the company has a networth of Rs.16.89 Cr against total debt of

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

Rs111.25 Cr resulting in a debt equity of 6.59 times. However consequent to repayment the debt equity ratio has reduced to as on date.

Rating Outlook:

The rating outlook is expected to be stable over the current year. Going forward, the ability of the firm to improve its revenue , scale of operations , completion of projects on time by managing the volatility in the raw material prices, repaying their debt obligations and manage the working capital efficiently would be the key rating sensitivities.

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