

## Rating Rationale

### Brickwork Ratings assigns 'BWR B' & 'BWR A4' for the Bank Loan Facilities aggregating ₹ 32 Cr of Ellora Constructions Pvt. Ltd

Brickwork Ratings has assigned the following **Ratings<sup>1</sup>** for Bank Credit facilities sanctioned/availed amounting to Rs.32.00 Cr by Ellora Constructions Pvt. Ltd (**ECPL or the 'Company'**):-

Facility	Limits (₹ Cr)	Tenure	Rating
<b>Fund Based</b>		<b>Long Term</b>	<b>BWR B</b> (Pronounced as BWR Single B)
Cash Credit	<b>15.00</b>		<b>Outlook-Stable</b>
Asset Backed Loan	<b>15.00</b>	<b>Short Term</b>	<b>BWR A4</b> (Pronounced BWR A Four)
Bank Guarantee	<b>2.00</b>		
<b>Total</b>	<b>32.00</b>	<b>(INR Thirty Two Crores only)</b>	

BWR has principally relied upon the audited financial results for financial year 2014, provisional financial results of 2015, projected financial results FY16 and publicly available information and information/clarification provided by the company's management.

The rating has factored, inter alia, longstanding experience of promoters in civil construction, moderate financial risk profile and revenue visibility stemming from comfortable order book position.

The Rating is however; is constrained by Stretched working capital cycle due to delayed receivables, small Scale of operations with presence mainly in Aurangabad district and nearby area and intense competition in the civil construction industry.

#### Background:

Ellora Construction Pvt Ltd. (ECPL) was originally established as a partnership firm in December 2005 by Mr. Saleem Ahmed Bismillah Khan and his wife Mrs. Sameena Sultana; it was reconstituted as a private limited company in April 2008.

The company undertakes construction work for buildings, roads, canals and other infrastructure projects.

The company mainly executes projects in and around Aurangabad area. Some of the company's clientele includes Municipality of Aurangabad, AIMS Pune, and Municipality of Pune Etc.

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

Currently the company has total outstanding order book of Rs.305.79 Cr of which the company is anticipating to complete orders of ~Rs.41 crore in financial year 2015-16.

**Financial Performance:**

The company reported revenue of Rs.30.51 Cr for FY2014 which increased to Rs.32.58 Cr for FY2015 showing increase of 6.78 % in revenues. ECPL is reported profit of Rs.1.14 Cr for FY2014 which increased to Rs.2.48 Cr as per provisional financials submitted by the company. The gearing of the company increased to 1.86 times as on 31<sup>st</sup> March 2015 from 1.39x as on March 31<sup>st</sup> 2014, mainly due to delayed realization from debtors higher utilization of working capital facilities

**Rating Outlook:**

The rating outlook is expected to be stable over the current year. Going forward, the ability of the company to successfully scale up its operations, improve profitability and managing working capital efficiently would be the key rating sensitivities.

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