

Rating Rationale

Brickwork Ratings reaffirms “BWR B+/A4” for the Bank Loan Facilities of Leburu Constructions Private Limited aggregating ₹ 7.52 Crores

Brickwork Ratings (BWR) has reaffirmed the following **Ratings**¹ for the bank loan facilities of **Leburu Constructions Private Limited** ('LCPL' or 'the company'):

Bank Facilities	Previous Limits (₹Cr)	Present Limits (₹Cr)	Tenure	Rating*	Rating*
Fund Based: Cash Credit Term Loan	4.85 -	4.85 0.17	Long Term	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable Reaffirmed
Non Fund Based: Bank Guarantee	2.50	2.50	Short Term	BWR A4 (Pronounced as BWR A Four)	BWR A4 (Pronounced as BWR A Four)
Total	7.35	7.52	(INR Seven Crores Fifty Two Lakhs Only)		

BWR has essentially relied upon the company's audited financial results of FY15, publicly available information and the information/clarifications provided by the company's management.

The rating reaffirmation takes into consideration the experience of the management and position as a registered Class 1 contractor in Karnataka and Maharashtra. However, the rating is constrained by the business model wherein contracts are received through third party due to limited performance track record, low geographical reach, small scale of operations in a highly competitive market and working capital intensive nature of operations.

Background:

Leburu Constructions Private Limited, Hyderabad was incorporated in 2010. The company is a registered Class 1 contractor and undertakes civil works of Public Works Department (PWD) in the states of Maharashtra and Karnataka. The company has experience in construction of Irrigation Projects, Bridges, Laying of Roads, Tunnels and Water Tanks. The company obtains PWD works through sub-contract from Abhiram Infra Project Private Limited, Hyderabad.

Management:

Shri L Prabhakar Reddy is the Managing Director and has more than 27 years of experience in this business. LCPL has a technical and professional management team.

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

Financial Performance:

LCPL's revenue has increased from ₹ 9.36 Crores in FY14 to ₹ 10.04 Crores in FY15. Profit after tax was 0.51 crores for FY15 as against 0.41 crores in FY14. Net worth stood at ₹ 3.68 Crores as on 31th March 2015. On a provisional basis, LCPL has achieved revenue of around ₹ 9.64 Crores for FY16.

Rating Outlook:

The rating outlook is expected to remain stable for the current year. Going forward, the ability of the company to improve its scale of operations, develop capabilities to receive business through tenders directly, enhance receivables collections efficiency and manage its working capital efficiently will be the key rating sensitivities.

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