

## Rating Rationale

### Brickwork Ratings assigns 'BWR BBB' & 'BWR A3+' for Bank Loan Facilities of ₹ 40.00 Cr of RV Akash Ganga Infrastructure Limited.

Brickwork Ratings (BWR) has assigned the following **Ratings**<sup>1</sup> for the Bank Loan Facilities of RV Akash Ganga Infrastructure Limited (*RVAG or the 'Company'*):

Facility*	Existing Limits (₹ Cr)	Tenure	Rating <sup>1</sup>
<b>Fund Based</b> <u>Cash Credit</u> Existing – 19.00 Proposed – 3.00  <u>Term Loans</u> Existing – 2.50 Proposed – 2.50	<b>22.00</b>   <b>5.00</b>	   <b>Long Term</b>	   <b>BWR BBB</b> (Pronounced as BWR Triple B) <b>Outlook – Stable</b>
<b>Non-Fund Based</b> <u>Bank Guarantee</u>	<b>13.00</b>	<b>Short Term</b>	 <b>BWR A3+</b> (Pronounced as BWR A Three Plus)
<b>Total</b>	<b>40.00</b>	<b>(INR Forty Crores only)</b>	

*\*Availed from Union Bank of India*

BWR has principally relied upon the audited financial statements up to FY14, projected financial statements upto FY16, publicly available information and information/clarifications provided by the company's management.

The ratings reflect the extensive industry experience of the promoters, diversified revenue profile with healthy order book position and reputed clientele of the company. The ratings are, however, constrained by the volatility in revenues due to slowdown in infrastructure industry, geographic and concentration risk, working capital intensive nature of operations and exposure to intense competition in the construction industry.

### Background:

RV Akash Ganga Infrastructure Ltd (formally known as RVAG) came into existence in July 2007 through the amalgamation of RV Associates and Akash Ganga Infrastructure Ltd., two of the pioneers in the field of RMC (Ready Mix Concrete) and Equipment Hiring in Delhi - NCR. The Company provides civil construction and infrastructure development services to various Government & private clients. Major services include production & supply of ready mix concrete including pumping and placing, installation of bored cast in Situ Piles, casting & launching, Fabrication & Handling of barricades, other services such as equipments on hiring, diaphragm wall & well sinking, civil construction & road construction etc.

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

RVAG has also installed a Solar Power Plant of 2 MW which was commissioned in January 2012. The plant was developed under RPSSGP (Rooftop PV and Small Solar Power Generation Program) scheme.

RVAG 's major clients include Reliance Infrastructure Ltd, Hindustan Construction Co. Ltd, Delhi Metro Rail Corp. Ltd, Pratibha Industries Ltd, IL&FS Eng. & Construction Ltd, Amrapali Group, Soma Enterprises Ltd, IDEB Projects LTD, Lanco, L& T etc.

### Management Profile:

The promoter directors of the Company are Mr. Manoj Bansal, Mr. Surinder Singhal and Mr. Pradeep Aggarwal.

### Financial Performance:

Net sales decreased from ₹ 153.81 Cr in FY13 to ₹ 136.71 Cr in FY14 due to slowdown in infrastructure activities. Operating margin was 22.25 % and PAT margin 3.00 % in FY14. Tangible net worth increased from ₹52.72 Cr as on March 31, 2013 to ₹58.01 Cr as on March 31, 2014. Overall gearing was moderate at 1.55 times as on March 31, 2014.

### Rating Sensitivities:

The rating outlook is expected to be stable for the current year. Going forward, the ability of the Company to ensure increase in revenue while maintaining and/or improving profitability, improve its credit metrics and liquidity profile, ensure timely realizations and strengthen its capital structure would be the key rating sensitivities.

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