

Rating Rationale

Brickwork Ratings reaffirms 'BWR BBB' & 'BWR A3+' for Bank Loan Facilities of ₹ 49.84 Cr of RV Akash Ganga Infrastructure Limited

On a review, Brickwork Ratings (BWR) has *reaffirmed* the following **Rating**¹ for the enhanced Bank Loan Facilities of ₹ 49.84 Cr (enhancement from ₹ 40.00 Cr) to RV Akash Ganga Infrastructure Limited (RVAG or the 'Company') as under:

Facility*	Amount (₹ Cr)	Previous Rated Amount (₹Cr)	Tenure	Reaffirmed Rating	Previous Rating
Fund Based					
Cash Credit	22.00	22.00	Long Term	BWR BBB (BWR Triple B) (Outlook: Stable)	BWR BBB (BWR Triple B) (Outlook: Stable) February 2015
Term Loan	2.34	5.00			
Non-Fund Based					
Bank Guarantee	25.50	13.00	Short Term	BWR A3 + (BWR A Three Plus)	BWR A3 + (BWR A Three Plus) February 2015
Total	49.84	(INR Forty Nine Crores and Eighty Four Lakhs only)			

**Availed from Union Bank of India*

BWR has principally relied upon the audited financial statements up to FY14, projected financial statements up to FY16, publicly available information and information/clarifications provided by the company's management. The rating assigned earlier in Feb'2015 has been re-looked into, in view of the additional Non Fund Based facility of Rs.12.50 Cr sanctioned to the Company, over and above the existing limits of Rs.40 Cr.

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.

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

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.

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.

RVAG availed additional Bank Guarantees which were required to give performance guarantee to Orissa steel Expressway project (Rs 10 Cr) and Lanco Infratech Ltd (Rs.2.36 Cr). The margin money has been funded from equity infusion by promoters.

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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