

Rating Rationale

Brickwork Ratings assigns 'BWR BB-' & 'BWR A4' for the Bank Loan Facilities aggregating ₹ 18.75 Cr of S.R. Constructions

Brickwork Ratings has assigned following **Rating¹** for the Bank Loan facilities of S.R. Constructions ('SRC' or the 'Firm').

Facility	Amount to be Rated	Tenure	Rating Assigned
Fund Based			
ODBOD	3.75	Long term	BWR BB- Pronounced BWR Double B Minus (Outlook: Stable)
Non Fund Based			
Bank Guarantee	15.00	Short Term	BWR A4 Pronounced A Four
Total	18.75	(INR Eighteen Crores and Seventy Five Lakhs Only)	

BWR has essentially relied upon the audited financial results of S.R. Constructions upto FY15, projected financial data for FY16 & FY17, publicly available information and information provided by the management.

The ratings have, inter alia, factored in the management experience in the same line of business, improvement in profit margins and moderate Return on Capital Employed. The ratings are, however, constrained by a relatively low Net Worth of the Firm, besides a very high gearing ratio as on the 31st March 2015.

Background:

S.R. Constructions is a Proprietorship firm established in 1985 by Mr. Subodh Gupta. The Firm is based at New Delhi and has operations in NCR Region. The Firm is a full-service provider in the fields of road construction, civil construction, architecture, interior design, urban design, project management consultancy etc.

Financial Performance:

As per the audited financials for FY15, gross revenue from operations of the firm increased by 14.50% from Rs. 33.34 Crores in FY14 to Rs. 38.19 Crores in FY15. The Firm has projected revenue of Rs. 100.00 Crores for FY16. As informed by the management, the Firm has already achieved the sales of Rs. ~65 Crores during 9MFY16. Tangible Net Worth for the Firm stood at Rs. 2.25 Crores as on 31st March 2015. Operating Profit Margin for the Firm stood at 2.40% with a Profit after Tax at Rs. 0.76 Crores in FY15. Return on Capital Employed for the Firm stood at 23.73%.

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

Rating Outlook:

The performance of the Firm over the next year is expected to be stable. Going forward, the Firm's ability to meet the projections indicated, besides timely service of debt would be the key rating sensitivities.

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