

## Rating Report

### Brickwork Ratings assigns long term rating of 'BWR B+' for the Bank Loan Facilities amounting ₹ 5.00 Cr of Abdul Kalam Azad

Brickwork Ratings (BWR) has assigned the following **Ratings<sup>1</sup>** for Bank Loan Facilities of Abdul Kalam Azad (AKA or “the firm”).

Facility	Limits (₹ Cr)	Tenure	Rating <sup>1</sup>
<b>Fund Based:</b>			
Cash Credit	5.00	Long Term	<b>BWR B+</b> (Pronounced BWR B Plus ) <b>Outlook: Stable</b>
<b>Total</b>	<b>5.00</b>	<b>INR Five Crores Only</b>	

BWR has principally relied upon the audited financial results up to FY15, publicly available information and information/clarifications provided by the management.

The ratings continue to factor extensive experience of the proprietor in the civil construction line of business, established status as a Class I civil contractor with an operational track record of fifteen years. However, the ratings remain constrained by risks relating to tender based nature of business operations, dependence on Government contracts and geographical concentration risk.

#### Background:

M/s. Abdul Kalam Azad was established as a proprietorship concern in 2001 in Shimoga, Karnataka by Mr. Abdul Kalam Azad. The firm is a Class I Civil and PWD contractor. The firm undertakes tender based civil construction projects such as road construction projects (i.e. National Highway construction work, State Highway construction work, road expansion and maintenance work, rural road development work, etc.), bridge construction projects and other civil construction projects with in Karnataka. The firm undertakes works for Public Works Department (PWD), National Highways Authority of India (NHAI), etc. Mr. Abdul Kalam Azad is also a partner in “National Gold Palace” and “National Enterprises” which are into sale of gold and diamond jewellery and cement dealership business respectively.

#### Financial Performance:

The firm has reported revenue of ₹16.20 Cr in FY15 as against ₹27.14 Cr in FY14. Net profit margin and operating profit margin was 5.54 per cent and 14.39 per cent respectively in FY15.

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

The firm's debt to equity was 1.33 times in FY15 as against 0.78 times in FY15. The firm has ISCR of 3.24 times in FY15 . Tangible net worth of the firm stood at ₹5.71 Cr as on March 31, 2015.

**Rating Outlook:**

The rating outlook is expected to be stable over the current financial year. Going forward, the firm's ability to scale up its operations, improve profit margins, efficiently manage working capital and effectively execute its projects in a timely manner will remain the key rating sensitivities.

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**Annexure I**

**Abdul Kalam Azad**

**Statement of Profit & Loss (In ₹ Crores)**

<b>Amount in Rs. Crores</b>	<b>FY 13</b>	<b>FY 14</b>	<b>FY15</b>
<b>Result Type</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
<b>Net Sales</b>	<b>14.96</b>	<b>27.14</b>	<b>16.20</b>
Other Operating Income	0.00	0.00	0.00
<b>Total Operating Income</b>	<b>14.96</b>	<b>27.14</b>	<b>16.20</b>
<b>Operating Expenses</b>	<b>13.31</b>	<b>24.36</b>	<b>13.87</b>
<b>OPBDIT</b>	<b>1.65</b>	<b>2.78</b>	<b>2.33</b>
Depreciation/Amortization/Impairment	0.21	0.27	0.36
<b>OPBIT</b>	<b>1.44</b>	<b>2.51</b>	<b>1.97</b>
Interest and Finance Charges	0.31	0.43	0.72
<b>OPBT</b>	<b>1.13</b>	<b>2.08</b>	<b>1.25</b>
Non Operating Income(Expenses)	0.07	0.10	0.17
<b>PBT</b>	<b>1.20</b>	<b>2.18</b>	<b>1.42</b>
Provision for Taxes	0.41	0.78	0.53
<b>PAT</b>	<b>0.79</b>	<b>1.40</b>	<b>0.90</b>

**Annexure II**  
**Abdul Kalam Azad**  
**Balance Sheet (In ₹ Crores)**

<b>Amount in Rs. Crores</b>	<b>FY 13</b>	<b>FY 14</b>	<b>FY 15</b>
<b>Result Type</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
<b>LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>	<b>3.22</b>	<b>4.67</b>	<b>5.71</b>
Proprietors capital	2.43	3.27	4.81
Reserves and Surplus	0.79	1.40	0.90
<b>Non-current liabilities</b>	<b>0.63</b>	<b>1.26</b>	<b>1.53</b>
Long-Term Borrowings	0.63	1.26	1.53
<b>Current liabilities</b>	<b>2.74</b>	<b>14.07</b>	<b>8.48</b>
Short-Term Borrowings	1.17	2.38	6.06
Trade Payables	1.24	8.47	1.97
Other Current Liabilities	0.18	2.88	0.00
Short-Term Provisions	0.15	0.34	0.45
<b>Total Liabilities</b>	<b>6.59</b>	<b>20.00</b>	<b>15.72</b>
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>1.59</b>	<b>2.80</b>	<b>3.10</b>
Net Fixed assets	1.59	2.80	3.10
<b>Current assets</b>	<b>5.00</b>	<b>17.20</b>	<b>12.62</b>
Current Investments	1.94	2.64	3.47
Inventories	0.04	0.05	2.48
Trade Receivables < Six Months	1.70	7.91	3.21
Cash and Cash Equivalents	0.64	4.79	0.59
Other Current Assets	0.68	1.81	2.87
<b>Total Assets</b>	<b>6.59</b>	<b>20.00</b>	<b>15.72</b>

### Annexure III

#### Abdul Kalam Azad

#### Key Ratios & Figures

Result Type	Representation	FY 13	FY 14	FY 15
		Audited	Audited	Audited
Long Term Borrowings	In Rs. Crores	0.63	1.26	1.53
Short Term Borrowings	In Rs. Crores	1.17	2.38	6.06
Total Debt	In Rs. Crores	1.80	3.64	7.59
Total Debt ( Analyzed)	In Rs. Crores	1.80	3.64	7.59
Tangible Net Worth	In Rs. Crores	3.22	4.67	5.71
Tangible Net Worth (Analyzed)	In Rs. Crores	3.22	4.67	5.71
Capital Employed	In Rs. Crores	5.02	8.31	13.29
Total Debt/TNW	Times	0.56	0.78	1.33
Total Debt(Analyzed)/TNW(Analyzed)	Times	0.56	0.78	1.33
ISCR	Times	5.37	6.49	3.24
ISCR(Analyzed)	Times	5.37	6.49	3.24
DSCR	Times	4.26	4.04	2.20
DSCR(Analyzed)	Times	4.26	3.37	1.12
Net Cash Accruals/Total Debt	Times	0.56	0.46	0.17
Net Profit Margin	%	5.27	5.14	5.54
Operating Profit Margin	%	11.04	10.23	14.39
ROCE	%	28.66	37.66	18.28
Current Ratio	Times	1.82	1.22	1.49
Days Receivables	Days	41	65	125
Days Inventory	Days	1	1	37
Days Payable	Days	65	147	200
Conversion Cycle	Days	-23	-81	-38