

Rating Report

Brickwork Ratings assigns 'BWR B' & 'BWR A4' for the Bank Loan facilities of ₹ 8.00 Cr of M/S Abirami Engineering Construction & Co.

Brickwork Ratings has assigned following **Ratings**¹ for the Bank Loan facilities amounting to ₹ 8.00 Crores of M/s Abirami Engineering Construction & Co. (*"the firm"*)

Facility	Existing Limits (₹Cr)	Proposed enhanced Limits (₹Cr)	Tenure	Rating
Fund Based Cash Credit	3.00	2.00	Long Term	BWR B (Outlook: Stable)
Non Fund Based Bank Guarantee	1.90	1.10	Short Term	BWR A4 (BWR A Four)
Sub-Total	4.90	3.10	INR Eight Crores only	
Total	8.00			

Facilities are with Tamilnad Mercantile Bank Ltd

BWR has principally relied upon the audited financials upto-FY14, publically available information and information/clarifications provided by the firm's management.

The rating factors inter alia, promoters' experience established relationships with government departments, moderate order book position and moderate profit margins. However, the rating is constrained by small scale of operations, risks related to the tender based nature of operations, geographical concentration and delayed payments due to dependence on Government and sanction risk of the proposed enhancement

Background:

M/s Abirami Engineering Construction & Co was incorporated as a partnership firm in 2000 located at Namakkal in Tamil Nadu and is engaged with 100% civil construction works for the P.W.D departments in Tamil Nadu. Firm is managed by two partners Mr. K R Subramaniyan and his wife Mrs. K R Santhi who held equal number of shares in the firm. Mr. Subramaniyam has more than three decades of experience in construction industry. The firm is registered as Class-I Contractor for Public Works Department (P.W.D) Tamil Nadu. So far, the firm has reportedly executed works related to buildings, renovations and other related Govt. works, the details of which were not provided

Financial Performance:

The revenue of the firm has increased from Rs. 14.12 Crores in FY13 to Rs. 17.00 Crores in FY14. Operating and net profit margins were recorded at 7.83 % and 4.74 % respectively in FY14. PAT reported at Rs. 0.81 Crores in FY14. The net-worth of the firm marginally improved from Rs.

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

2.14 Crores in FY13 to Rs. 2.36 Crores in FY14. Firm's gearing level stood at 1.56 times in FY14. The firm's liquidity position reported at 1.50 times in FY 14.

The financial particulars are in the annexures I & II below the paragraph

Rating Outlook:

The outlook of the firm for the next one year is expected to be stable. Going forward, ability of the firm to improve scale of operations, diversifying customer base thereby resulting in improving profitability margins, to maintain liquidity position by optimizing the operating cycle, ability to maintain favorable capital structure and ensure timely receivables will remain key rating sensitivities.

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**Abirami Engineering Construction & Co.
Annexure-I**

Profit and Loss Account			
Crores	31/Mar/2012	31/Mar/2013	31/Mar/2014
Result Type	Audited	Audited	Audited
Net Sales	3.67	14.12	17.00
Other Operating Income	0.00	0.00	0.00
Total Operating Income	3.67	14.12	17.00
Operating Expenses	3.23	12.78	15.66
OPBDIT	0.44	1.34	1.33
Depreciation/Amortization/Impairment	0.12	0.11	0.10
OPBIT	0.32	1.23	1.23
Interest and Finance Charges	0.28	0.32	0.45
OPBT	0.04	0.91	0.77
Non Operating Income(Expenses)	0.01	0.02	0.03
PBT	0.06	0.93	0.81
Provision for Taxes	0.00	0.00	0.00
PAT	0.06	0.93	0.81

**Abirami Engineering Construction & Co.
Annexure-II**

Balance Sheet			
Crores	31/Mar/2012	31/Mar/2013	31/Mar/2014
Result Type	Audited	Audited	Audited
Liabilities			
EQUITY AND RESERVES	1.11	2.14	2.36
Share capital	1.05	1.21	1.55
Reserves and Surplus	0.06	0.93	0.81
Non-current liabilities	0.23	0.26	0.66
Long-Term Borrowings	0.23	0.26	0.66
Current liabilities	1.30	3.17	4.83
Short-Term Borrowings	1.01	0.95	3.02
Trade Payables	0.29	2.22	1.80
Total Liabilities	2.64	5.57	7.84
ASSETS			
Non-current assets	0.61	0.53	0.63
Net Fixed assets	0.61	0.53	0.63
Current assets	2.03	5.03	7.22
Current Investments	0.00	0.18	0.34
Inventories	0.98	0.66	4.15
Trade Receivables < Six Months	0.54	3.35	0.61
Cash and Cash Equivalents	0.02	0.03	1.11
Short-Term Loans and Advances	0.23	0.48	0.62
Other Current Assets	0.26	0.34	0.40
Total Assets	2.64	5.57	7.84