

June 04, 2015

Facilities	Amount (Rs. Crore)	Ratings
Secured Overdraft	1.00	SMERA BB-/Stable (Assigned)
Performance Bank Guarantee	17.50	SMERA A4+ (Assigned)

SMERA has assigned ratings of '**SMERA BB-**' (read as **SMERA double B minus**) to the Rs.1.00 crore long-term (fund based) bank facility and '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs.17.50 crore short-term (non-fund based) bank facility of Atlas Constructions Private Limited (ACPL). The outlook is '**Stable**'. The ratings are supported by the company's established operations, experienced management and healthy debt protection metrics. However, the ratings are constrained by the decline in the company's revenues amidst slowdown in the infrastructure industry. The ratings are also constrained by the company's moderate profitability. The ratings note that the company is exposed to intense competitive pressure.

ACPL, incorporated in 1988, is a New Delhi-based company engaged undertaking civil construction work and engineering, procurement and construction (EPC) projects. ACPL benefits from its experienced management. Mr. Subhash Gupta, director of ACPL, has around two decades of experience in the company's line of business. ACPL's healthy debt protection metrics are reflected in low leverage (debt-equity ratio) of 0.71 times as on March 31, 2014 and comfortable interest coverage ratio of 2.72 times in FY2013-14.

ACPL's revenue declined from Rs. 83.40 crore in FY2013-14 to Rs. 51.56 crore in FY2014-15 on account of slowdown in approvals of projects.

The company reported moderate net profit margin of 1.28 per cent in FY2013-14 (refers to financial year, April 01 to March 31). ACPL's return on capital employed (RoCE) is low at 10.28 per cent in FY2013-14. The company operates in a highly fragmented and competitive segment of the infrastructure industry.

Outlook: Stable

SMERA believes ACPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' in case the company registers strong growth in revenues while achieving sustained improvement in profit margins and capital structure. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the company's financial risk profile, or in case of stretch in the company's working capital cycle.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.



SMERA RATINGS LIMITED

Atlas Constructions Private Limited (ACPL)

Rating Rationale

About the company

ACPL, incorporated in 1988, is a New Delhi-based company engaged in undertaking civil construction work and EPC projects.

For FY2013–14, ACPL reported profit after tax (PAT) of Rs.1.06 crore on operating income of Rs. 83.40 crore, as compared with PAT of Rs.1.81 crore on operating income of Rs. 72.71 crore in FY2012–13. The company's net worth stood at Rs.19.67 crore as on March 31, 2014. ACPL registered revenue of Rs.51.35 crore (provisional) in FY2014–15.

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