

April 05, 2016

| Facilities | Amount (Rs. Crore) | Ratings |
|-----------------------|--------------------|------------------------------------|
| Cash Credit | 4.00 | SMERA BB-/Stable (Assigned) |
| Bank Guarantee | 2.00 | SMERA A4 (Assigned) |

SMERA has assigned ratings of '**SMERA BB-**' (**read as SMERA double B minus**) and '**SMERA A4**' (**read as SMERA A four**) to the Rs.6.00 crore bank facilities of Audarya Construction Private Limited (ACPL). The outlook is '**Stable**'. The ratings derive comfort from the experienced management, long track record of operations and moderate order book. However, the ratings are constrained by the stretched liquidity position marked by overdrawing in the cash credit account, customer concentration risk (orders from the Maharashtra government) and moderate scale of operations.

Rating Sensitivity Factors

- Timely completion of projects
- Efficient working capital management
- Maintaining profitability

Outlook: Stable

SMERA believes that ACPL will continue to benefit over the medium term owing to the healthy business prospects and order book position. The outlook may be revised to 'Positive' if the company generates larger than expected cash flows with successful sourcing and execution of large projects. Conversely, the outlook may be revised to 'Negative' in case of delays in project execution leading to low profitability.

About the Company

The Maharashtra-based ACPL, incorporated in 2004 performs civil construction work for the Maharashtra government. The company is headed by Directors, Mr. Mukund Bhanudas Audarya and Mr. Vijay Bhanudas Audarya who possess experience of over four decade in the line of business.

ACPL registered profit after tax (PAT) of Rs.1.41 crore on operating income of Rs.29.50 crore in FY2014-15 as compared to PAT of Rs.0.75 crore on operating income of Rs.24.43 crore in FY2013-14.

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