

Apace Builders and Contractors Private Limited: Assigned

Facility	Amount (Rs Crore)	Rating/Outlook
Proposed Cash Credit	6.00	SMERA B+/Stable (Assigned)

SMERA has assigned rating of '**SMERA B+**' (read as **SMERA B plus**) to the abovementioned bank facility of Apace Builders and Contractors Private Limited (ABCPL). The outlook is '**Stable**'. The rating draws support from the experienced management and healthy order book position. The rating also factors in the moderate financial risk profile marked by moderate profitability margins and scale of operations.

However, the rating is constrained by the stretched liquidity and limited track of operations. The rating also takes into account the working capital intensive business and exposure to intense competition in the EPC (Engineering, Procurement, Construction) industry.

ABCPL, established in July 2015, is a Noida (Uttar Pradesh) based, company that undertakes civil, structural, and finishing work for infrastructure projects including, housing complexes, commercial buildings, IT parks among others. The company benefits from its experienced management. Mr. Rupendra Kumar Shukla and Mr. Prashant Kumar Shukla, Directors possess around a decades experience in the company's line of business.

The moderate financial risk profile is reflected in the small scale of operations and revenue of Rs.19.49 crore with PAT of Rs.1.12 crore in FY2015-16. The operating margin stands at 8.53 per cent in FY2015-16. The PAT margin stands at 5.76 per cent in FY2015-16. The company reported moderate gearing of 1.76 times and low current ratio of 0.53 per cent with healthy order book of ~Rs. 680 crore to be executed by FY2018-19. However, ABCPL faces intense market competition in the unorganised segment of the EPC industry and is also constrained by its short track record of operations of a year.

Outlook- Stable

SMERA believes ABCPL will maintain a stable outlook in the medium term owing to its established operations and extensive experience of the promoters. The outlook may be revised to 'Positive' if the company registers significant improvement in operations and profitability and successfully completes its orders on time. Conversely, the outlook may be revised to 'Negative' in case of significant deterioration in revenue, profitability and capital structure.

Rating Sensitivity Factors

- Scaling up operations while maintaining margins
- Management of working capital funds
- Timely execution of large orders

About the Company

ABCPL, established in 2015, is a Noida-based company promoted by Mr. Rupendra Kumar Shukla and Mr. Prashant Kumar Shukla. The company undertakes civil, structural work for infrastructure projects including, housing complexes, commercial office buildings, IT parks among others.

For FY2015-16, the company reported profit after tax (PAT) of Rs.1.12 crore on operating income of Rs.19.49 crore. The net worth of the company stood at Rs.1.14 crore as on March 31, 2016.

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ABOUT SMERA

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