

Press Release

ABHIKALP CONSTRUCTIONS SYNDICATE

March 17, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 5.00 Cr.
Long Term Rating	SMERA B+ / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B+**' (**read as SMERA B plus**) on the Rs. 5.00 crore bank facilities of ABHIKALP CONSTRUCTIONS SYNDICATE. The outlook is '**Stable**'.

The Delhi based Abhikalp Construction Syndicate (ACS) is a proprietary concern established in 2001 and promoted by Mr. Ravindra Srivastava. The concern is registered with CPWD and is classified as Class 4 civil contractor. ACS undertakes renovation, repair and remodeling work relating to buildings, drainage and roads for government on tender basis.

Key Rating Drivers

Strengths

- **Established track record, experienced management and reputed clientele**

Abhikalp Construction Syndicate (ACS) has an established track record of more than a decade in the business of civil construction. Mr. Ravindra Srivastava, civil engineer by profession has more than two decade of technical experience in this field. The concern caters primarily to government bodies in Delhi and is currently executing work for AIIMs Delhi and PWD, Delhi.

Weaknesses

- **Moderate scale of operations due to tender based nature of business**

The operations of ACS are small constrained by low net worth of Rs 0.38 crore as on 31 March 2017. The concern is classified as Class IV civil contractor qualified to bid for tender up to Rs 80 lakh. The operating income of ACS stands at Rs 1.66 crore as on March 2017 compared to Rs 1.49 crore as March 2016. Further revenue of ACS depends on the number of tenders being released in a financial year and the successful bids awarded to the concern.

- **Competitive and fragmented industry**

The concern is engaged as civil contractor. The particular sector is marked by the presence of several mid to big size players. The concern faces intense competition from the other players in the sectors. Further, the concern is constrained in bidding for a large volume of contracts.

Analytical Approach

SMERA has considered the standalone business and financial risk profile of ACS.

Outlook: Stable

SMERA believes that AC will maintain a stable outlook in the medium term on account of its experienced management. The outlook may be revised to 'Positive' if the concern registers higher-than-expected growth in revenues and profitability. Conversely, the outlook may be revised to 'Negative' in case the concern registers lower-than-expected growth in revenues and profitability.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	1.66	1.49	1.65
EBITDA	Rs. Cr.	0.30	0.24	0.22
PAT	Rs. Cr.	0.11	0.08	0.10
EBITDA Margin	(%)	17.85	15.92	13.20
PAT Margin	(%)	6.61	5.67	6.00
ROCE	(%)	25.22	20.61	39.48
Total Debt/Tangible Net Worth	Times	0.84	1.08	1.41
PBDIT/Interest	Times	4.68	4.01	5.12
Total Debt/PBDIT	Times	1.05	1.45	1.87
Gross Current Assets (Days)	Days	104	114	142

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smerra.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smerra.in/criteria-fin-ratios.htm>
- Infrastructure Entities - <https://www.smerra.in/criteria-infra.htm>

Note on complexity levels of the rated instrument

<https://www.smerra.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure - Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	SMERA B+ / Stable

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