



Tirupati Cement Products

Instrument	Amount	Rating Action
	In Rs. Crore	As on July 2014
Fund Based Limits	9.50	[ICRA]BB+ (Stable); assigned
Non Fund Based Limits	20.50	[ICRA]A4+; assigned

ICRA has assigned a long-term rating of **[ICRA]BB+** (pronounced as ICRA double B plus) to the Rs. 9.50 crores fund based limits of Tirupati Cement Products (TCP)[†]. ICRA has also assigned a short-term rating of **[ICRA]A4+** (pronounced as ICRA A four plus) to the Rs. 20.50 Crores non-fund based limits of TCP. The outlook on the long term rating is Stable.

The assigned ratings take into account the healthy revenue growth witnessed over FY12-FY14 and strong order book position which provides adequate revenue visibility in the medium term. The ratings also take into account strong financial profile of TCP characterised by low gearing levels and healthy debt coverage indicators. The ratings also take comfort from the firm's reputed client base and long experience of the promoters in the civil construction business.

However, the ratings are constrained by the moderate operating profitability of the firm given the competitive nature of the civil construction industry, significant customer concentration risks and exposure to risks associated with timely execution of projects awarded. The firm is also exposed to the fluctuations in prices of raw materials; however this risk is partly mitigated by the presence of price escalation clauses in certain contracts. The ratings also factor in risks inherent in partnership firm with respect to capital withdrawals and its potential impact on credit profile. Going forward, the firm's ability to increase its scale of operations while maintaining its capital structure and liquidity will form the key rating sensitivity.

Company Profile

Tirupati Cement Products (TCP) is a partnership firm established in the year 1995. The firm is owned and managed by three partners Mr. S. B. Aggarwal, Mr. Mukesh Aggarwal and Mrs. Sushma Aggarwal. The firm is engaged in civil construction work, primarily laying of water and sewage pipe lines. It is registered as a Class I civil contractor with Delhi Jal Board (DJB), North Delhi Municipal Corporation (NDMC), Municipal Corporation of Delhi (MCD) and Delhi Development Authority (DDA). TCP also executes work for Haryana Urban Development Authority (HUDA) which is its major client. In the past, the firm was also engaged in construction of buildings and other miscellaneous work. TCP has its head office at Janakpuri (New Delhi).

Recent Results

In FY14 (provisional results), the firm reported Profit Before Tax (PBT) of Rs. 5.02 crores on operating income (OI) of Rs. 111.59 crores as against PBT of Rs. 4.28 crores on OI of Rs. 100.32 crores in FY13.

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For further details please contact:

Analyst Contacts:

Mr. Sabyasachi Majumdar (Tel. No. +91 124 4545304)
sabyasachi@icraindia.com

Relationship Contacts:

Mr. Vivek Mathur (Tel. No. +91-124-4545310)
vivek@icraindia.com

* 100 lakh=1 crore= 10 million

† For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications



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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**Mobile: **9871221122**Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**Mobile: **9821086490**Email: shivakumar@icraindia.com

1802, 18th Floor, Tower 3,
Indiabulls Finance Centre,
Senapati Bapat Marg,
Elphinstone, Mumbai 400013,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**Mobile: **+91 9903394664**Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**Mobile: **9845022459**Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Bangalore****Mr. Jayanta Chatterjee**Mobile: **9845022459**Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**Mobile: **989986490**Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax: +91-
79-25569231

Pune**Mr. L. Shivakumar**Mobile: **989986490**Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 99, CTS 3909, Range Hills
Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-25561231

Hyderabad**Mr. Jayanta Chatterjee**Mobile: **9845022459**Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B, Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500