

Sudhakara Infratech Private Limited

Instrument	Amount in Rs. Crore	Rating Action
Fund Based Limits	13.00	[ICRA]BBB- (stable) revised
Non Fund Based Limits	50.00 (enhanced from Rs.42.00 crore)	[ICRA]A3 revised
Unallocated Limits	47.00 (enhanced from Rs.25.00 crore)	[ICRA]BBB- (stable)/[ICRA]A3 revised

ICRA has revised the long term rating assigned to Rs. 13.00 crore¹ fund based limits from [ICRA]BB+ (pronounced ICRA double B plus) to [ICRA]BBB- (pronounced ICRA triple B minus) and short term rating assigned to Rs.50.00 crore (enhanced from Rs.42.00 crore) non fund based limits of Sudhakara Infratech Private Limited (SIPL)[†] from [ICRA]A4+ (pronounced ICRA A four plus) to [ICRA]A3 (pronounced ICRA A three). ICRA has also revised the ratings assigned to Rs.47.00 crore (revised from Rs.25.00 crore) unallocated limits of SIPL from [ICRA]BB+/[ICRA]A4+ to [ICRA]BBB-/ [ICRA]A3. The outlook on the long term rating is stable.

The ratings revision primarily factors in SIPL's increase in revenues from Rs.55.04 crore in FY2015 to Rs. 163.27 crore in FY2016 on the back of increased order execution; and revenue visibility over the medium term as reflected in outstanding order book of Rs.321.24 crore as on May 14, 2016. The ratings also take into account comfortable financial risk profile of the company as reflected in low gearing of 0.44 times, interest coverage ratio of 5.36 times and NCA/TD of 78% for FY2016; decade long experience of promoters in the construction business and moderate geographical concentration of the outstanding order book. The ratings, are however constrained by high sectoral concentration of order book with ~61% of the projects from irrigation segment and high project concentration risk with top 5 projects accounting for 54% of the outstanding order book. Further, single project from TWAD board, Tamil Nadu contributing ~25% of the order book and any delay in completion of the project might adversely affect the revenues and profitability of the company. The ratings also consider the the high utilization of working capital limits on account of high receivables and therefore securing enhancement in working capital limits in a timely manner is a key rating monitorable.

Going forward, ability of the company to secure new orders and timely execution of the order book will be key rating sensitivity from credit perspective.

Company Profile

Incorporated in 2010, Sudhakara Infratech Private Limited (SIPL) is promoted by Mr. Sudhakara Reddy and his family members. The company is engaged in civil construction and related works. The company executed projects like Construction of Roads, Yard development, Water Supply Schemes includes construction of reservoirs, laying of pipelines, pumping systems with all mechanical, electrical, etc. on turnkey basis. The company has a team of qualified engineers and supervisor for timely execution of the projects.

Recent Results

SIPL has reported an operating income of Rs.55.04 crore and net profit of Rs.2.30 crore respectively in FY2015 as against an operating income and net profit of Rs. 167.27 crore and Rs. 7.85 crore in FY2016 (provisional and unaudited).

July 2016

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¹ 100 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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