Sri Venkateswara Constructions

Instrument	Amount lin Rs. Crore	Rating Action
Cash Credit	10.00 (revised from Rs. 7.00 crore)	[ICRA]B+; Re-affirmed
Bank Guarantee	5.00	[ICRA]A4; Re-affirmed

ICRA has reaffirmed the long-term rating of [ICRA]B+ (pronounced ICRA B plus) for Rs. 10.00 crore (revised from Rs. 7.00 crore) cash credit limits of Sri Venkateswara Constructions (SVC). ICRA has also reaffirmed the short-term rating at [ICRA]A4 (pronounced as ICRA A four) for Rs. 5.00 crore non-fund based facilities of SVC.

The rating reaffirmation factors in the weak financial profile of the firm, characterized by small scale of operations limiting financial flexibility, significantly high gearing of 4.84 times as on 31st March, 2016 and modest coverage indicators with NCA/TD of 10% and Total Debt/OPBITDA of 3.87. The rating also remains constrained by the firm's high dependence on irrigation projects in the states of Telangana and Andhra Pradesh (AP) resulting in high geographic concentration with almost the entire order book being restricted to projects in Telangana and AP as well as high sectoral concentration focusing only on irrigation works. The order book is moderate with unexecuted order book of Rs 30.88 crore as on 31st March, 2016 which is 2.04 times the OI in FY2016 and provides visibility of revenue for the medium term. ICRA also takes into account the inherent risk associated with a partnership firm, including risk of capital withdrawal as reflected in the past. The ratings positively factor in long standing experience of promoters in construction sector along with their established relationship with clients as reflected in repeat orders.

Going forward, the firm's ability to increase its scale of operations by securing new orders and timely execution of orders, and maintain profitability, while optimally managing its working capital cycle will remain the key rating sensitivities.

Firm Profile

Sri Venkateswara Constructions is a partnership firm by M.Venkata Narayana Reddy, M. Rajayalaxmi, M. Pattabhi Rami Reddy, M. Syamalamma and M. Sarat Chandra Reddy. The Partnership firm was incorporated in 2003 and was subsequently reconstituted in 2008 after retirement of a partner Mr. M Sivakumar Reddy.

SVC executes the Public works department contracts in the area of Irrigation such as Canal Works, Drainage works and check dam works. The company generally executes projects for government departments.

Recent Result

According to audited FY2015 results, the firm recorded an operating income of Rs. 12.77 crore with a net profit of Rs. 0.71 crore. As per provisional FY2016 numbers, the firm estimates an operating income of Rs. 14.76 crore with a net profit of Rs. 0.78 crore.

November 2016

For further details please contact:
Analyst Contacts:
Mr. K. Ravichandran, (Tel. No. +91-44-45964301)
ravichandran@icraindia.com

Mr. R. Srinivasan (Tel. No. +91-44-45964315)
r.srinivasan@icraindia.com

Ms. Nithya Debbadi (Tel. No. +91-40-40676515)
nithya.debbadi@icraindia.com

Mr. Anuj Sharma (Tel. No. +91-40-40676520)
anuj.sharma@icraindia.com

Relationship Contacts:
Mr. Jayanta Chatterjee (Tel. No. +91-80-43326401)

jayantac@icraindia.com

© Copyright, 2016, ICRA Limited. All Rights Reserved
Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

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: +**91 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: +**91 9821086490**
Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
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: +**91 9845022459**
Email: jayantac@icraindia.com

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

Bangalore
Mr. Jayanta Chatterjee
Mobile: +**91 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: +**91 9821086490**
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: +**91 9821086490**
Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range Hills Road, Shivajinagar,Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-25561231

Hyderabad
Mr. Jayanta Chatterjee
Mobile: +**91 9845022459**
Email: jayantac@icraindia.com

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