



Artefact Projects Limited

Instrument	Amount	Rating Action
Fund based Limits	Rs.18.00 crore	[ICRA]C assigned
Non- Fund Based Limit	Rs. 5.00 crore	[ICRA]A4 assigned

ICRA has assigned a long term rating of [ICRA]C (pronounced ICRA C) to the Rs. 18.00 crore of fund based facilities of Artefact Projects Limited (APL or the company)*. ICRA has also assigned a short term rating of [ICRA]A4 (pronounced ICRA A four) to the Rs.5.00 crore[†] non-fund based facility of the company.

The assigned ratings of Artefact Projects Limited (APL) are constrained due to stressed liquidity profile of the company owing to sluggish receivables, with more ~70-75% of the debtors outstanding for more than nine months. The cash flow position of the company has remained under pressure on account of delays in realization of receivables, thereby resulting in instances of delay in debt servicing in the past. The ratings also take into account the moderate scale of operations, subdued debt protection metrics and modest return indications on account of elongated working capital cycle. Besides, the company has extended substantial financial support to its subsidiary in the form of investment and corporate guarantee, which limits the financial flexibility of the company. ICRA also notes that the company derives 70% of its revenue from road sector, thereby resulting into high sector concentration risk and competition in the industry from established local, multinational and boutique engineering consultancy firms, which exerts pressure on profitability.

The ratings, however, take into account the long standing experience of the promoters in the industry, healthy order book position, which provides revenue visibility in near term and on-going government thrust towards infrastructure development, which is likely to support the revenue growth.

About the Company:

Incorporated in 1988, Artefact Projects Limited (APL) is an integrated infrastructure services company providing consulting services across core infrastructure sectors- Highways, Airports & Urban Development Projects. Its range of services include, but not limited to, DPR preparation, project funding and financial closure services, construction supervision and project management services, structuring of project contracts for departmental funding or PPP Model, conducting economic and financial viability analysis and township sector services. At present the total strength of employees is 280, which comprises of technical experts and professional.

Recent Results:

The company has recorded a net profit after tax of Rs.0.90 crore on an operating income of Rs.19.87 crore in the financial year 2014-15 (Provisional).

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

[†]100 Lakh = 1 Crore = 10 Million



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