

Artefact Projects Limited

Instrument	Amount	Rating Action As on June 2016
Long Term-Fund Based Limits	Rs.18.00 crore	Revised to [ICRA]D from [ICRA]C
Short Term- Non Fund Based Limit	Rs. 5.00 crore	Revised to [ICRA]D from [ICRA]A4

ICRA has revised the long term rating to [ICRA]D (pronounced ICRA D) from [ICRA]C (pronounced ICRA C) for the Rs.18.00 crore¹ fund based bank facilities of Artefact Projects Ltd. (APL or 'company'²). ICRA has also revised the short term rating to [ICRA]D (pronounced ICRA D) from [ICRA]A4 (pronounced ICRA A four) for the Rs.5.00 crore non fund based facility of APL.

The downward revision of rating primarily incorporates the recent instance of delay in debt servicing of term loan account of stretched cash flows following sluggish receivables. The financial profile of the company has deteriorated in FY16 as evident from decline in operating income and net profit of the company. The debt protection metrics also weakened in FY16 as a result of weak profitability and high interest expense incurred on debt, borrowed to fund the working capital requirement. 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 and on-going government thrust towards infrastructure development, which is likely to support the revenue growth.

About the Company

Incorporated in 1988, Artefact Projects Ltd. (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.0.01 crore on an operating income of Rs.15.98 crore in the financial year 2015-16.

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¹100 Lakh = 1 Crore = 10 Million

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications



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