

Press Release

Anupam Nirman Private Limited

June 12, 2020

Rating Assigned



Total Bank Facilities Rated*	Rs. 125.00 Cr.
Long Term Rating	ACUITE BBB+/Stable (Assigned)
Short Term Rating	ACUITE A2 (Assigned)

* Refer Annexure for details

Rating Rationale

Acuité has assigned the long term rating of **'ACUITE BBB+' (read as ACUITE triple B plus)** and the short term rating of **'ACUITE A2' (read as ACUITE A two)** to Rs.125.00 Cr bank facilities of Anupam Nirman Private Limited. The outlook is **'Stable'**.

Incorporated in 2010, Anupam Nirman Private Limited (ANPL) is engaged in construction of roads and bridges for the state government of Assam and West Bengal, Central Government and Indian Railways. The business was started as a sole proprietorship firm in 1999 in the name of Anupam Sharma and changed constitution to a closely held company in 2010 with name changed to its current name. Currently, the company is headed by Mr. Anupam Sharma, Mr. Prakash Agarwal, Mr Anindya Sharma and Mr Ashok Agarwal, who all are promoter directors. ANPL is a registered contractor with various Public Works Department (PWD) departments in Assam and PWD departments in West Bengal, National Highway Works in Assam, National Building Construction Corporation (NBCC), National Projects Construction Corporation Limited (NPCC) and North East Frontier Railways.

Analytical Approach

Acuité has taken a standalone view of the business and financial risk profile of ANPL to arrive at the rating.

Key Rating Drivers

Strengths

• Long track record of operations

Established in 2010, Anupam Nirman Private Limited (ANPL) has a long operational track record of more than two decades in the civil construction industry, through their erstwhile proprietorship concern, Anupam Sharma. The key promoters of ANPL are Mr. Anupam Sharma, Mr. Prakash Agarwal, Mr Anindya Sharma and Mr Ashok Agarwal. Acuité believes that the long track record of operations will benefit the company going forward resulting in steady growth in the scale of operations.

• Healthy growth in revenue and strong order book position

ANPL has achieved revenues of Rs.247.98 Cr in FY2019 as compared to revenues of Rs.140.63 Cr in FY2018, thereby registering a y-o-y growth of 76.33 per cent. The company has achieved revenues of around Rs.401.82 Cr till March 2020 (Provisional) achieving a y-o-y growth of 62.04 per cent. The growth in top line is on account of boost in infrastructure sector and the huge scope of infrastructure projects in the North-Eastern part of India. In addition to this, the company has a healthy order book position as on 31st December, 2019 to the tune of Rs.736 Cr; 41 per cent of this order book pertains to of road projects and 34 per cent pertains to projects of Indian Railways. Acuité believes that the healthy order book position of the company provides comfortable revenue visibility over the medium term.

• Comfortable financial risk profile

The company's moderate financial risk profile is marked by moderate level of networth, moderate gearing and strong debt protection metrics. The tangible net worth of the company improved to Rs.60.63 Cr as on March 31, 2019 from Rs.44.88 Cr as on March 31, 2018 due to accretion of reserves. It has further improved to Rs.85.90 Cr as on March 31, 2020 (provisional). Gearing of the company improved to 1.05 times as on March 31, 2019 as against 1.43 times as on March 31, 2018. The gearing stood comfortable at 0.49 times as on March 31, 2020 (provisional). The debt of Rs.63.79 Cr mainly consists of long term borrowings of Rs.27.05 Cr, working capital borrowing of Rs.6.19 Cr, unsecured loan of Rs.12.91 Cr and current obligations of Rs.17.64 Cr as on March 31, 2019. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood high at 2.45 times as on March 31, 2019 as against 2.93 times as on March 31, 2018. The debt protection metrics of the company is marked by Interest Coverage Ratio at 5.39 times as on March 31, 2019 and Debt Service Coverage Ratio at 1.63 times as on March 31, 2019. Net Cash Accruals/Total Debt (NCA/TD) stood at 0.45 times as on March 31, 2019. The debt protection metrics remained comfortable marked by Interest Coverage Ratio at 7.02 times in FY2020 (provisional) and the NCA/TD is at 1.01 times as on March 31, 2020 (provisional). Acuite believes that going forward the financial risk profile of the company will remain comfortable backed by steady accruals and no major debt funded capex plans.

Weakness

- **Working capital intensive nature of operations**

The company's operations are working capital intensive as reflected by high Gross Current Assets (GCA) of 171 days as on March 31, 2020 (provisional) as against 185 days in March 31, 2019 and 252 days in March 31, 2018. The debtor period is comfortable at 40 days as on March 31, 2020 (provisional) as against 55 days in March 31, 2019 and 81 days in March 31, 2018. Further, the inventory holding is also comfortable at 10 days as on March 31, 2020 (provisional) as against 13 days in 31st March 2019 and 29 days as on 31st March 2018. The high GCA days are on account of high current assets due to retention money & security deposits. Acuite believes that the working capital operations of the firm will remain almost at the same levels as evident from efficient collection mechanism and low inventory levels over the medium term.

- **Competitive industry**

The civil construction sector is marked by the presence of several mid to big size players. The company faces intense competition from the other players in the sectors. However, this risk is mitigated to an extent on account of the experience of the management and well established presence in its terrain.

Rating Sensitivity

- Sustainability in their growth in scale of operations while maintaining profitability margin
- Reduction in order flow

Material Covenant

None

Liquidity Profile

The company's liquidity is adequate marked by the net cash accruals stood at Rs.28.80 Cr in March 31, 2019 as against long term debt repayment of Rs.17.64 Cr over the same period. The net cash accruals has increased further to Rs.42.67 Cr in March 31, 2020 (provisional) as against long term debt repayment of Rs.6.50 Cr in March 31, 2020 (provisional). The current ratio stood at 1.32 times as on March 31, 2019 as compared to 1.30 times as on March 31, 2018. Despite current ratio of the company decreased to 1.25 times as on March 31, 2020 (provisional), it remains in comfortable level. The fund based limit remains utilized at only 40 per cent over the seven months ended March, 2020. The company has not availed any loan moratorium or additional covid loans. The cash and bank balances

of the company stood at Rs.22.04 Cr as on March 31, 2019 as compared to Rs.11.74 Cr as on March 31, 2018. It has increased to Rs.88.85 Cr as on March 31, 2020 (provisional). The unencumbered cash and bank balances of the company stood at Rs.22.10 crores as on March 31, 2019. However, the company's operations are working capital intensive as reflected by high Gross Current Assets (GCA) of 171 days as on March 31, 2020 (provisional) as against 185 days in March 31, 2019 and 252 days in March 31, 2018. Acuite believes that going forward the company will maintain healthy liquidity position due to steady accruals.

Outlook: Stable

Acuite believes the outlook on Anupam Nirman Private Limited will remain stable over the medium term backed by experience of the promoters and healthy order book position. The outlook may be revised to 'Positive' in case the company registers healthy growth in revenues while achieving sustained improvement in operating margins, capital structure and working capital management. Conversely, the outlook may be revised to 'Negative' in case of decline in the company's revenues or profit margins, or in case of deterioration in the company's financial risk profile and liquidity position or delay in completion of its projects or further deterioration in its working capital cycle.

About the Rated Entity - Key Financials

	Unit	FY19 (Actual)	FY18 (Actual)
Operating Income	Rs. Cr.	247.98	140.63
PAT	Rs. Cr.	15.74	4.96
PAT Margin	(%)	6.35	3.53
Total Debt/Tangible Net Worth	Times	1.05	1.43
PBDIT/Interest	Times	5.39	3.72

Status of non-cooperation with previous CRA

CARE Ratings, vide its press release dated January 24, 2020 had denoted the rating of Anupam Nirman Private Limited as 'BWR BB+/Stable/A4+; Downgraded, ISSUER NOT COOPERATING'

Any other information

Not Applicable

Applicable Criteria

- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition- <https://www.acuite.in/view-rating-criteria-52.htm>
- Entities in service sector- <https://www.acuite.in/view-rating-criteria-50.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	30-Mar-2018	Not Applicable	Not Applicable	12.00	ACUITE BBB+/Stable (Assigned)
Cash Credit	30-Mar-2018	Not Applicable	Not Applicable	3.00	ACUITE BBB+/Stable (Assigned)
Proposed fund based facility	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE BBB+/Stable (Assigned)

Bank Guarantee	30-Mar-2018	Not Applicable	Not Applicable	67.00	ACUITE A2 (Assigned)
Bank Guarantee	30-Mar-2018	Not Applicable	Not Applicable	15.00	ACUITE A2 (Assigned)
Proposed non fund based facility	Not Applicable	Not Applicable	Not Applicable	18.00	ACUITE A2 (Assigned)

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About Acuité Ratings & Research

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