



Press Release
Anupam Nirman Private Limited
October 04, 2023
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	2.00	ACUITE A Stable Assigned	-
Bank Loan Ratings	26.00	ACUITE A Stable Reaffirmed	-
Bank Loan Ratings	48.00	-	ACUITE A1 Assigned
Bank Loan Ratings	124.00	-	ACUITE A1 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	200.00	-	-

Rating Rationale

Acuite has reaffirmed its long term rating of **'ACUITE A' (read as ACUITE A)** and its short term rating of **'ACUITE A1' (read as ACUITE A one)** on the Rs. 150 Cr bank facilities of Anupam Nirman Private Limited (ANPL). The outlook remains **'Stable'**.

Acuite has also assigned the long term rating of **'ACUITE A' (read as ACUITE A)** and the short term rating of **'ACUITE A1' (read as ACUITE A one)** on the Rs. 50 Cr bank facilities of ANPL. The outlook is **'Stable'**.

Rationale for the rating

The rating takes into cognizance the sound business risk profile of the company. ANPL has achieved revenues of Rs. 547.25 Cr in FY2023 (Provisional) as compared to Rs. 533.90 Cr in FY2022 and Rs. 393.84 Cr in FY2021 owing to the robust order book position and the timely completion of it. The rating favourably factors in the unexecuted orderbook position of the company to the tune of Rs. 2299.29 Cr as on September, 2023, a larger part of which is expected to be executed in the next 18 to 36 months. Furthermore, the rating considers the healthy financial risk profile of the company reflected by the low gearing and strong debt coverage indicators owing to the low debt burden.

However, the rating remains constrained by the geographic concentration risk and the highly competitive industry the company operates in.

About the Company

Incorporated in 2010, ANPL undertakes construction works of roads and bridges for the Central Government, State Government of West Bengal and Assam and for the Indian Railways. The business initially started as a sole proprietorship firm in the year 1999 in the name of Anupam Sharma and later changed constitution to a closely held company in 2010 with name changed to its current name. The company is managed by the directors, Mr. Anupam Sharma and Mr. Prakash Agarwal. ANPL is a registered contractor with Public Works Department (PWD) in Assam and PWD's in West Bengal, National Highway Authority of India (NHAI) in Assam, National Building Construction Corporation (NBCC), National Projects Construction Corporation Limited (NPCC) and North East Frontier Railways.

Acuité has considered the standalone business and financial risk profiles of ANPL to arrive at the rating.

Key Rating Drivers

Strengths

Established relationship with customers aided by the experienced promoters

ANPL is managed by Mr. Anupam Sharma who is the leading promoter of the company and is supported by the other directors, Mr. Prakash Agarwal, Mr. Anindya Sharma and Mr. Ashok Agarwal. With the long standing track record of operations of the company, spanning over two decades along with the extensive experience of the promoters in the civil construction industry, ANPL has developed healthy relationships with the reputed clientele base. It has successfully completed various projects under different departments of government like rural development, water resources, NHAI, North East Frontier Railways, PWD, among others.

Acuité believes that the vintage of the promoters and the established customer base will continue to benefit the company going forward.

Sound business risk profile backed by robust order book position

The operating income of the company improved to Rs. 547.25 Cr in FY2023 (Provisional) from Rs. 533.90 Cr in FY2022 and Rs. 393.84 Cr in FY2021. The scale of operations is supported by the company's robust order book position and the timely execution of it. Further, ANPL has an unexecuted orderbook position to the tune of Rs. 2299.29 Cr as on September, 2023 which is largely expected to be completed in the next 18 to 36 months. Moreover, the company has already achieved revenues of Rs. 240 Cr in the current financial year till August, 2023 (Provisional).

The operating margin of the company improved to 14.19 per cent in FY2023 (Provisional) as against 13.58 per cent in FY2022. Moreover, the PAT margin rose to 8.61 per cent in FY2023 (Provisional) from 7.71 per cent in FY2022. Also, the company has an in-built price escalation clause for major raw materials (such as steel, cement, fuel and bitumen) in most of its contracts as the raw material prices are volatile in nature. The RoCE levels for the company stood comfortable at 28.42 per cent in 2023 (Provisional).

Acuité derives comfort from the healthy revenue visibility over the medium term and believes that the company will continue to sustain its order book position and maintain its business risk profile over the medium term.

Healthy financial risk profile

The company's healthy financial risk profile is marked by low gearing, improvement in the networth base and strong debt coverage indicators. The adjusted tangible net worth of the company increased to Rs. 253.82 Cr as on March 31, 2023 (Provisional) from Rs. 179.36 Cr as on March 31, 2022 due to accretion to reserves. Acuité has considered Rs. 27.35 Cr unsecured loans as a part of networth as it is subordinated to the bank debt. The gearing of the company remained low at 0.11 times as on March 31, 2023 (provisional) similar to that in March 31, 2022. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) improved to 0.84 times as on 31st March, 2023 (Provisional) from 1.42 times as on 31st March, 2022 owing to rise in the retained earnings and net worth. Moreover, the strong debt protection metrics of the company is marked by Interest Coverage Ratio at 21.03 times and Debt Service coverage ratio at 4.88 times as on 31st March, 2023 (Provisional). Net Cash Accruals/Total Debt (NCA/TD) stood high at 2.12 times as on 31st March, 2023 (Provisional).

Acuité believes that going forward the financial risk profile of the company will remain healthy backed by steady accruals and no major debt funded capex plans.

Weaknesses

Competitive industry and exposure to geographic concentration risk

The civil construction sector is marked by the presence of several mid- to large-sized players. The company faces intense competition from other players in the sector. ANPL specialises in civil works related to the construction of roads, bridges, buildings, railways and water resources mainly for the government of Assam. This leads the company exposed to geographical concentration risk. The company also faces competition from large players as

well as many local, small and unorganised players. However, this risk is mitigated to an extent on account of the experience of the management and the company's well-established presence in its territory.

Rating Sensitivities

- Growth in the scale of operations while sustaining the profitability margins
- Sustenance of the capital structure
- Elongation of working capital cycle

All Covenants

None

Liquidity Position: Strong

The strong liquidity position of ANPL is marked by the moderately utilised fund based bank limits coupled with the sufficient cash accrual and cash balances. The net cash accruals stood at Rs. 60.02 Cr as on March 31, 2023 (Provisional) as against long term maturities of only Rs. 9.27 Cr. over the same period. The fund-based bank limit utilisation stood moderate at 62 per cent over the six months ended July, 2023. Further, the unencumbered cash and bank balances of the company stood at Rs. 21.39 Cr as on March 31, 2023 (Provisional). The current ratio stood comfortable at 1.78 times as on March 31, 2023 (Provisional). The intensive working capital cycle of the company is marked by Gross Current Assets (GCA) of 212 days in 31st March 2023 (Provisional) as compared to 194 days in 31st March 2022 primarily on account of the substantial retention and margin money.

Acuité believes that, the liquidity position of the company will remain strong over the medium term backed by the steady accruals and absence of any debt funded capex plans.

Outlook: Stable

Acuité believes the company's outlook will remain 'stable' over the medium term on account of healthy financial risk profile, experience of the promoters, healthy scale of operations and robust order book position. The outlook may be revised to 'Positive' in case the company continues to register significant 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 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.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Provisional)	FY 22 (Actual)
Operating Income	Rs. Cr.	547.25	533.90
PAT	Rs. Cr.	47.12	41.17
PAT Margin	(%)	8.61	7.71
Total Debt/Tangible Net Worth	Times	0.11	0.11
PBDIT/Interest	Times	21.03	18.71

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
01 Dec 2022	Cash Credit	Long Term	13.00	ACUITE A Stable (Reaffirmed)
	Cash Credit	Long Term	12.00	ACUITE A Stable (Reaffirmed)
	Bank Guarantee	Short Term	24.00	ACUITE A1 (Assigned)
	Bank Guarantee	Short Term	67.00	ACUITE A1 (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE A Stable (Assigned)
	Bank Guarantee	Short Term	33.00	ACUITE A1 (Reaffirmed)
17 Nov 2022	Cash Credit	Long Term	12.00	ACUITE A Stable (Upgraded from ACUITE A- Stable)
	Bank Guarantee	Short Term	67.00	ACUITE A1 (Upgraded from ACUITE A2+)
	Bank Guarantee	Short Term	33.00	ACUITE A1 (Upgraded from ACUITE A2+)
	Cash Credit	Long Term	13.00	ACUITE A Stable (Upgraded from ACUITE A- Stable)
06 Sep 2021	Bank Guarantee	Short Term	67.00	ACUITE A2+ (Upgraded from ACUITE A2)
	Proposed Bank Facility	Long Term	10.00	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Proposed Bank Facility	Short Term	18.00	ACUITE A2+ (Upgraded from ACUITE A2)
	Bank Guarantee	Short Term	15.00	ACUITE A2+ (Upgraded from ACUITE A2)
	Cash Credit	Long Term	3.00	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Cash Credit	Long Term	12.00	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
12 Jun 2020	Proposed Bank Facility	Short Term	18.00	ACUITE A2 (Assigned)
	Cash Credit	Long Term	12.00	ACUITE BBB+ Stable (Assigned)
	Bank Guarantee	Short Term	15.00	ACUITE A2 (Assigned)
	Bank Guarantee	Short Term	67.00	ACUITE A2 (Assigned)
	Proposed Bank Facility	Long Term	10.00	ACUITE BBB+ Stable (Assigned)
	Cash Credit	Long Term	3.00	ACUITE BBB+ Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	67.00	ACUITE A1 Reaffirmed
Punjab National Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	33.00	ACUITE A1 Reaffirmed
Yes Bank Ltd	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	48.00	ACUITE A1 Assigned
ICICI Bank Ltd	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	24.00	ACUITE A1 Reaffirmed
ICICI Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	1.00	ACUITE A Stable Reaffirmed
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	12.00	ACUITE A Stable Reaffirmed
Punjab National Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	13.00	ACUITE A Stable Reaffirmed
Yes Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	2.00	ACUITE A Stable Assigned

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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