



Press Release
Anupam Nirman Private Limited
June 07, 2024
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	22.00	ACUITE A Stable Assigned	-
Bank Loan Ratings	28.00	ACUITE A Stable Reaffirmed	-
Bank Loan Ratings	78.00	-	ACUITE A1 Assigned
Bank Loan Ratings	172.00	-	ACUITE A1 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	300.00	-	-

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.200 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.100 Cr bank facilities of Anupam Nirman Private Limited (ANPL). The outlook is '**Stable**'.

Rationale for the rating

The rating reaffirmation reflects sustainable improvement in the operating and financial performance of the company. ANPL has achieved revenues of Rs.639.60 Cr. in FY2023 as compared to Rs.597.97 Cr. in FY2022 and Rs. 393.84 Cr. in FY2021 owing to the robust order book position and its timely execution. Further, ANPL has achieved revenue of Rs.697.30 Cr. in FY2024.

The rating favourably factors in the healthy unexecuted orderbook position of the company to the tune of Rs.2557.20 Cr. as on March, 2024, a large 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 levels.

However, the rating remains constrained by working capital intensive nature of operations, its exposure to geographic concentration risk and presence in a highly competitive industry.

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.

Unsupported Rating

Not Applicable

Analytical Approach

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.

Healthy business risk profile backed by strong order book position.

The operating income of the company improved to Rs. 639.60 Cr. in FY2023 from Rs. 597.79 Cr. in FY2022 and Rs. 393.84 Cr. in FY2021. The operating income is supported by the strong order book position and the timely execution of the order book by the company. ANPL has an unexecuted orderbook position to the tune of Rs.2557.20 Cr. as on March 2024, which is to be executed in the next 18 to 36 months. The order book is diversified into five segments. Out of the total order book, 60.07 percent pertains to road infrastructure, 26.53 percent to bridge construction, 2.77 percent to the Indian Railways, 2.20 percent to building and 8.44 percent to the water infrastructure. The orders are from both the central government and the state government of Assam.

The operating profit margin of the company stood at 12.18 percent in FY2023 as against 12.13 percent in FY2022. The PAT margin improved to 7.58 percent in FY2023 from 6.89 percent in FY2022 and 7.18 percent in FY2021. The RoCE levels for the company stood comfortable at 28.74 percent in 2023.

Further, the company achieved a turnover of Rs.697.32 Cr. in FY2024 with an EBITDA margin of 13.25 percent and a PAT margin of 8.51 percent. The company expects to achieve a turnover of Rs.900-1000 Cr. in FY2025 while maintaining an EBITDA margin in the range of 12-14 percent. Acuité derives comfort from the healthy order book, resulting in 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 comfortable debt coverage indicators. The adjusted tangible net worth of the company increased to Rs. 252.84 Cr. as on March 31, 2023 from Rs. 179.36 Cr. as on March 31, 2022 due to accretion to reserves. Acuité has considered Rs. 25.00 Cr. unsecured loans as a part of networth as it is subordinated to the bank borrowings. The gearing of the company remained low at 0.16 times as on March 31, 2023 as against 0.11 times as on March 31, 2022. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) improved to 0.89 times as on March 31, 2023 from 1.42 times as on March 31, 2022 owing to rise in the retained earnings and net worth. Debt/ EBITDA of the company stood low with 0.50 times as on March 31, 2023 as against 0.26 times as on March 31, 2022.

The debt protection metrics of the company are comfortable with Interest Coverage Ratio (ICR) stood of 20.69 times as on March 31, 2023 as against 18.71 times as on March 31, 2022. The Debt Service coverage ratio (DSCR) stood at 4.93 times as on March 31, 2023 as against 3.65 times as on March 31, 2022. Net Cash Accruals/Total Debt (NCA/TD) stood moderate at 1.48 times as on March 31, 2023.

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

Working capital intensive nature of operations

The working capital cycle of the company is intensive in nature, marked by Gross Current Assets (GCA) of 186 days as on March 31, 2023 as compared to 173 days as on March 31, 2022. The high GCA days are primarily driven by the considerable retention and margin money. ANPL is required to maintain the retention money until the completion of the projects and a portion of this retention amount remains blocked during the defect liability period. Further, the inventory period rose but stood moderate at 70 days as on March 31, 2023 as compared to 24 days as on March 31, 2022 owing to the accumulation of work in progress and materials in hand by the end of the financial year. However, the debtor cycle remained low at 4 days as on March 31, 2023 as compared to 11 days as on March 31, 2022 owing to an efficient collection mechanism.

The company has substantial dependence on its suppliers and creditors to support its working capital; creditor days stood improved yet high at 153 days as on March 31, 2023 as against 180 days as on March 31, 2022. The creditors day reflect the sub-contract works payment and retention money. The O/s trade payables for 1-2 years are around 40.95 percent is due to retention money withheld of the subcontractors. Sustained improvement in creditors will remain a key monitorable.

Acuité believes that the working capital management of the company will remain at similar levels, as evident from the significant retention money requirement, the efficient collection mechanism and the moderate inventory levels over the medium term.

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.
- Significant elongation of working capital cycle.
- Timely execution of order

Liquidity Position: Strong

The strong liquidity position of ANPL is marked by the sufficient cash accrual and cash balances coupled with the moderately utilised bank limits. The net cash accruals stood at Rs.61.41 Cr. as on March 31, 2023 as against maturing repayment obligation of Rs. 9.27 Cr. over the same period. Further, ANPL is expected to generate net cash accruals of Rs.72.07 Cr – 103.70 Cr in FY2024 – FY2026 against its current maturities of long term debt of Rs.12.57 Cr - 10.48 Cr. during the same period.

The fund-based bank limit utilisation stood moderate at 45.87 per cent over the six months ended March, 2024. Further, the unencumbered cash and bank balances of the company stood at Rs. 21.97 Cr. as on March 31, 2023. The current ratio stood above -average at 1.77 times as on March 31, 2023. However, the non-fund based limit remained moderately utilized at ~80.41 per cent over the six months ended March, 2024. Moreover, the working capital-intensive management of the company is marked by Gross Current Assets (GCA) of 186 days as on March 31 2023 as compared to 173 days as on March 31 2022.

Acuité believes that the liquidity position of the company will remain strong backed by the steady accruals and no debt funded CAPEX and moderate reliance on working capital limits.

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 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	639.60	597.79
PAT	Rs. Cr.	48.49	41.17
PAT Margin	(%)	7.58	6.89
Total Debt/Tangible Net Worth	Times	0.16	0.11
PBDIT/Interest	Times	20.69	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
04 Oct 2023	Bank Guarantee (BLR)	Short Term	67.00	ACUITE A1 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	33.00	ACUITE A1 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	48.00	ACUITE A1 (Assigned)
	Bank Guarantee/Letter of Guarantee	Short Term	24.00	ACUITE A1 (Reaffirmed)
	Cash Credit	Long Term	12.00	ACUITE A Stable (Reaffirmed)
	Cash Credit	Long Term	13.00	ACUITE A Stable (Reaffirmed)
	Cash Credit	Long Term	2.00	ACUITE A Stable (Assigned)
	Cash Credit	Long Term	1.00	ACUITE A Stable (Reaffirmed)
01 Dec 2022	Bank Guarantee (BLR)	Short Term	67.00	ACUITE A1 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	33.00	ACUITE A1 (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	24.00	ACUITE A1 (Assigned)
	Cash Credit	Long Term	12.00	ACUITE A Stable (Reaffirmed)
	Cash Credit	Long Term	13.00	ACUITE A Stable (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE A Stable (Assigned)
17 Nov 2022	Bank Guarantee (BLR)	Short Term	67.00	ACUITE A1 (Upgraded from ACUITE A2+)
	Bank Guarantee (BLR)	Short Term	33.00	ACUITE A1 (Upgraded from ACUITE A2+)
	Cash Credit	Long Term	12.00	ACUITE A Stable (Upgraded from ACUITE A- Stable)
	Cash Credit	Long Term	13.00	ACUITE A Stable (Upgraded from ACUITE A- Stable)
06 Sep 2021	Bank Guarantee/Letter of Guarantee	Short Term	67.00	ACUITE A2+ (Upgraded from ACUITE A2)
	Bank Guarantee/Letter of Guarantee	Short Term	15.00	ACUITE A2+ (Upgraded from ACUITE A2)
	Cash Credit	Long Term	12.00	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Cash Credit	Long Term	3.00	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Proposed Long Term Bank Facility	Long Term	10.00	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Proposed Short Term Bank Facility	Short Term	18.00	ACUITE A2+ (Upgraded from ACUITE A2)

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 avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	67.00	ACUITE A1 Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	33.00	ACUITE A1 Reaffirmed
Yes Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	48.00	ACUITE A1 Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	3.00	ACUITE A1 Assigned
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	43.00	ACUITE A1 Assigned
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	24.00	ACUITE A1 Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	18.00	ACUITE A1 Assigned
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	13.00	ACUITE A Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	12.00	ACUITE A Stable Reaffirmed
Yes Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.00	ACUITE A Stable Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	1.00	ACUITE A Stable Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	7.00	ACUITE A Stable Assigned
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	8.00	ACUITE A Stable Assigned

Not Applicable	Not avl. / Not appl.	Proposed Bank Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	14.00	ACUITE A1 Assigned
Not Applicable	Not avl. / Not appl.	Proposed Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	7.00	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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