

July 02, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	6.00	SMERA BB/Stable (Assigned)
Bank Guarantee	40.00	SMERA A4+ (Assigned)

SMERA has assigned a rating of '**SMERA BB**' (**read as SMERA double B**) to the Rs.6.00 crore long-term (fund based) bank facility and '**SMERA A4+**' (**read as SMERA A four plus**) to the Rs.40.00 crore short-term (non-fund based) bank facility of ANS Constructions Private Limited (ANS). The outlook is '**Stable**'. The ratings derive comfort from the company's experienced management, healthy order book, low leverage and healthy relations with customers and suppliers. However, the ratings are constrained by the company's exposure to group companies, working capital intensive business and high dependence on tender-based orders.

ANS, incorporated in 2002 is a Delhi-based company that undertakes civil construction work for the government and private corporate entities. The company is headed by Mr. Mehinder Sharma, Managing Director, who has 32 years of experience in the company's line of business. ANS has a healthy order book worth Rs.500 crore.

The company's healthy capital structure is evident from the leverage (debt-equity ratio) of 0.24 times (provisional) in FY2014-15 against 0.21 times in FY2013-14. Besides, the company has healthy relations with customers and suppliers.

ANS' liquidity profile is constrained due to exposure of about Rs.102 crore (provisional) to group companies in FY2014-15 as compared to Rs.101.07 crore in FY2013-14, which transforms into 89 per cent of utilization of fund based limits. The company's operations are working capital intensive reflected in the gross current asset (GCA) of 236 days and inventory holding period of 89 days (provisional) in FY2014-15. Moreover, ANS is highly dependent on tender-based orders floated by government and private players.

Outlook: Stable

SMERA believes ANS will maintain a stable business risk profile over the medium term. The company will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' if the company significantly reduces its exposure to group entities, while maintaining its financial risk profile. Conversely, the outlook may be revised to 'Negative' if ANS extends further support to its group entities, or registers lower than expected cash accruals leading to weaker liquidity.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.

About the Company

ANS, incorporated in 1966, is a Delhi-based company that undertakes civil construction work for the government and private corporate entities. The operations of the company are managed by Mr. Mehinder Sharma.

For FY2013–14, ANS reported profit after tax (PAT) of Rs.5.50 crore on operating income of Rs.146.00 crore, as compared with PAT of Rs.5.49 crore on operating income of Rs.163.25 crore for FY2012–13. For FY2014–15, the company booked operating income of Rs.127.16 crore (provisional) with PAT of Rs.4.47 crore (provisional). The company's net worth stood at Rs.120.63 crore (provisional) in FY2014–15, as compared with Rs.116.16 crore a year earlier.

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