

Press Release

Atriwal Infrastructure Limited

July 12, 2021



Rating Withdrawn

Total Bank Facilities Rated*	Rs.22.50 Cr.
Long Term Rating	ACUITE BB (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuité has withdrawn the long term rating of '**ACUITE BB**' (**read as ACUITE double B**) on the Rs.22.50 Cr. bank facilities of Atriwal Infrastructure Limited (AIL).

The rating is being withdrawn on account of the request received from the company and the NOC received from the banker as per Acuité's policy on withdrawal of ratings.

About the Entity

Atriwal Infrastructure Limited (AIL) previously known as M/s Atriwal's RMC was established in 2004. AIL is promoted by Mr. Hemant Atriwal and family which undertakes civil construction and specializes in windmill foundation work. AIL is also engaged in power generation through windmill located in Madhya Pradesh. In addition to this, AIL is developing integrated Water Park, Amusement Park and 5-Star Hotel at Indore, Madhya Pradesh.

Analytical Approach

Acuité has considered the standalone view of the business and financial risk profile of AIL to arrive at the rating.

Key Rating Drivers

Strengths

- **Established track record of operation and experienced management**

AIL is promoted by Mr. Hemant Atriwal and family who have extensive experience in the civil construction industry. It is engaged in civil construction especially windmill foundation work for companies like Suzlon Gujarat Wind Park Limited, Larsen & Toubro Limited, Welspun Energy Limited, Inox Wind Infrastructure Services Limited and Siemens Gamesa Renewable Power Private Limited among others. AIL is also engaged in power generation through windmill located in Madhya Pradesh. The company supplies the entire produced power to Madhya Pradesh Power Management Company Limited under a 25-year Power Purchase Agreement. The company is currently developing integrated Water Park, Restaurant and Marriage Garden located at Kshipra, Indore, Madhya Pradesh. AIL enjoys location advantage since Madhya Pradesh is one of the most visited tourist states in India. The project is spread across the land of 15.2 Acres. The project is expected to commence the operations from April, 2022, which will contribute to revenues in FY2023.

- **Moderate Financial risk profile**

The financial risk profile of the company is moderate tangible net worth, debt protection measures and low gearing. The net worth of the company stood at Rs.41.67 crore as on March 31, 2021 (Provisional) as against Rs.38.85 crore as on March 31, 2020. The company has followed a conservative financial policy as reflected by peak gearing of 0.61 times over the last three years through 2019-21 (Provisional). The gearing of the firm stood comfortable at 0.61 times as on March 31, 2021 (Provisional). Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 0.74 times as on 31 March, 2021 (Provisional).

The firm's debt protection metrics have fluctuated as reflected by Interest Coverage Ratio (ICR) at 8.91 times in FY2021 (Provisional) against 6.86 times in FY2020. Net Cash Accruals/Total Debt (NCA/TD) stood at 0.23 times as on March 31, 2021 (Provisional). Debt Service Coverage Ratio (DSCR) stood at 1.45 times in FY2021 (Provisional).

Weaknesses

- **Working capital operation is intensive in nature**

AIL's working capital management remains intensive marked by high GCA days though marginally improved on Y-O-Y basis. High GCA is on account elongation in debtors' collection period, while improvement in creditors' payment period and adequate C&B Balances.

The requirements remain intense marked by Gross Current Assets (GCA) of 234 days in FY2021 (Provisional) as against 253 days in FY2020. As mentioned, elongation in GCA is on account of elongation in debtors' collection period to 173 days in FY2021 (Provisional) as against 118 days in FY2020. The creditors' payment period has improved to 116 days in FY2021 (Provisional) as against 201 days in FY2020. The Inventory holding period stands less than 10 days during the FY2019-21 (Provisional) period.

- **Debt funded capital expenditure and project execution risk**

The company is developing Water park over 15.2 Acres in Madhya Pradesh. The total project cost is Rs.44.41 crore that is financed through a term loan of Rs.22.50 crore and promoter's fund of Rs.21.91 crore. The commercial operations have been delayed from April 2021 to April 2022. However, due to the ongoing pandemic, the project is exposed to time and costs overrun risk. The company's ability to commence the project within the stipulated period would remain crucial for the medium term. Any delay in the establishment of the project will delay projected sales even further. This could adversely impact debt repayment capabilities and liquidity of the company. Further, after the project completion of the waterpark, the footfall will be adversely impacted due to COVID-19 over the near to medium term.

Liquidity position: Adequate

AIL has adequate liquidity marked by net cash accruals as compared to its maturing debt obligations. The company generated cash accruals of Rs.5.76 crore in FY2021 (Prov.) as against Rs.7.29 crore in FY2020. Nonetheless, NCA remain adequate vis-à-vis its maturing debt obligations. The company maintains cash and bank balances of Rs.0.10 crore as on March 31, 2021 (Provisional).

Rating Sensitivities

Not Applicable

Material Covenants

None

Outlook

Not Applicable

About the Rated Entity - Key Financials

	Unit	FY21 (Provisional)	FY20 (Actual)
Operating Income	Rs. Cr.	14.99	13.20
PAT	Rs. Cr.	2.83	3.78
PAT Margin	(%)	18.87	28.64
Total Debt/Tangible Net Worth	Times	0.61	0.51
PBDIT/Interest	Times	8.91	6.86

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-59.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
04-Sep-2020	Term Loan	Long Term	22.50	ACUITE BB / Stable (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term Loan	February, 2020	9.45%	February, 2027	22.50	ACUITE BB (Withdrawn)

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About Acuité Ratings & Research:

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