

Press Release

Ananta Procon Private Limited

May 18, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 24.00 Cr.
Long Term Rating	SMERA BBB- / Outlook: Stable
Short Term Rating	SMERA A3

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA BBB-**' (read as **SMERA triple B minus**) and short term rating of '**SMERA A3**' (read as **SMERA A three**) on the Rs.24.00 crore bank facilities of Ananta Procon Private Limited (APPL). The outlook is '**Stable**'.

The Gujarat-based, Ananta Procon Private Limited (APPL) was incorporated in 2011 by Mr. Kanji Patel. The company is engaged in tender based civil construction work for bridges, roads and land fillings for state government. APPL has 'AA' class contractor registration under Government of Gujarat.

Key Rating Drivers

Strengths

Experienced management:

The promoter of AAPL, Mr. Kanji Patel has over four decades of experience in the civil and construction industry. Mr. Mahendra Patel and other Directors have more than two decade of experience in same line of business through their association with other firms.

Moderate financial risk profile:

APPL has moderate financial risk profile marked by net worth of Rs.9.86 crore as on 31 March, 2017 as against Rs.8.15 crore in the previous year. The gearing (debt-equity) stood at 0.28 times as on 31 March, 2017 and 1.05 times as on 31 March, 2015. The Interest Coverage Ratio stood at 2.98 times for FY2017 as against 2.21 times for FY2016. The DSCR stood at 2.47 times for FY2017 and 1.94 times for FY2016. Net Cash Accruals / Total Debt (NCA/TD) stood at 0.98 times in FY2017 and 0.16 times in FY2016.

Comfortable working capital operations:

The operations are marked by comfortable Gross Current Asset days of 35 for FY2017 which has decreased from 124 for FY2016. This is on account of decrease in debtor days to 8 in FY2017 from 38 in FY2016. The average cash credit utilisation for the past six months ending April, 2018 stood at ~38.41 percent.

Healthy order book position:

APPL has a healthy order book position marked by current orders in hand of Rs.101.89 crore. Out of the total orders, Rs.65.89 crore is to be executed in FY2019 and Rs.36.00 crore to be executed in FY2019 and FY2020.

Weaknesses

Moderately small scale of operations with geographic concentration:

The operations of the APPL are considered to be moderately small level marked by operating income of Rs.58.47 crore in FY2017 and Rs.27.71 crore in FY2016. APPL established in 2011 has geographical concentration since the company operates only in Gujarat and Rajasthan. The majority of work is focused in Gujarat.

Fragmented and tender base nature of business:

The company operates in the civil construction industry marked by intense competition from several mid to big sized players. However, the risk is mitigated to an extent as the management has been in the business for over a decade. Being a civil contractor, the revenue of APPL depends on the number of successful bids and the tenders being released in the financial year.

Analytical Approach:

SMERA has considered the standalone financial and business risk profile of APPL for arriving at the rating.

Outlook: Stable

SMERA believes that APPL will maintain a 'Stable' outlook and continue to benefit over the medium term from the extensive experience of its promoters. The outlook may be revised to 'Positive' in case of substantial increase in revenue and profitability. Conversely, the outlook may be revised to 'Negative' in case of decline in revenue and profitability or stretch in working capital cycle, weakening the financial risk profile.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	58.47	27.71	33.60
EBITDA	Rs. Cr.	5.12	3.02	3.44
PAT	Rs. Cr.	1.70	0.40	0.60
EBITDA Margin	(%)	8.75	10.89	10.25
PAT Margin	(%)	2.91	1.46	1.79
ROCE	(%)	30.62	15.92	44.59
Total Debt/Tangible Net Worth	Times	0.28	1.05	0.45
PBDIT/Interest	Times	2.98	2.21	2.47
Total Debt/PBDIT	Times	0.50	2.69	1.00
Gross Current Assets (Days)	Days	35	124	51

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

CARE, vide its press release dated March 23, 2018 had denoted the rating of 'CARE BB; Stable/CARE A4; ISSUER NOT COOPERATING' on account of lack of adequate information required for monitoring of ratings.

Any other information:

Not Applicable

Applicable Criteria:

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Infrastructure Entities - <https://www.smera.in/criteria-infra.htm>

Note on complexity levels of the rated instrument:

<https://www.smera.in/criteria-complexity-levels.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. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	9.00	SMERA BBB- / Stable
Bank guarantee	Not Applicable	Not Applicable	Not Applicable	15.00	SMERA A3

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ABOUT SMERA

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