

Press Release

Anish Infracon India Private Limited

D-U-N-S® Number: 85-923-1937



August 19, 2019

Rating Assigned

Total Bank Facilities Rated*	Rs. 120.00 Cr.
Long Term Rating	ACUITE BBB / Outlook: Stable
Short Term Rating	ACUITE A3+

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE BBB**' (**read as ACUITE triple B**) and short-term rating of '**ACUITE A3+**' (**read as ACUITE A three plus**) on the Rs. 120.00 crore bank facilities of ANISH INFRACON INDIA PRIVATE LIMITED (AIPL). The outlook is '**Stable**'.

Gujarat-based, AIPL was established as a partnership firm in the year 1978, and later reconstituted as a private limited company in 2010. It is engaged in civil construction work sanctioned by the Central and the state government and mainly undertakes road construction work. AIPL undertakes projects independently and on joint venture basis. Currently, it is working in the states of Gujarat, Maharashtra and Madhya Pradesh.

Analytical Approach

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

Key Rating Drivers

Strengths

- **Experienced management and long track of operations**

AIPL has been executing infrastructural work contracts for more than three decades. The company is led by the Vijapura family, since its inception. Extensive experience of the promoters has helped the company in establishing and maintaining healthy relations with clients and sanctioning authorities. The promoters' extensive experience is also reflected through the healthy order book position of around Rs.500.00 crore as on 30 June, 2019. Hence, the healthy order book provides healthy revenue visibility over the medium term.

Acuité believes that promoters' entrepreneurial experience and long track of operations will support its business risk profile over the medium term.

- **Healthy financial risk profile**

The financial risk profile is healthy marked by moderate net worth and debt protection measures and low gearing. The net worth of the company is moderate at around Rs.69.76 crore as on 31 March, 2019 (Provisional) as against Rs.60.06 crore as on 31 March, 2018. The gearing of the company stood at 0.47 times as on March 31, 2019 (Provisional) as against 0.17 times in FY2018. Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 1.38 times as on 31 March, 2019 (Provisional) as against 0.82 times as on 31 March, 2018. The healthy revenue levels coupled with stable operating margins have resulted in moderate debt protection measures. Interest Coverage Ratio (ICR) remained healthy at 5.88 times in FY2019 (Provisional) and 4.54 times in FY2018. Net Cash Accruals/Total Debt (NCA/TD) stood at 0.33 times as on 31 March, 2019 (Provisional) as against 0.65 times as on 31 March, 2018. Debt Service Coverage Ratio (DSCR) stood at 4.84 times for FY2019 (Provisional) as against 3.91 times in FY2018.

Acuité believes that the financial risk profile of AIPL will continue to remain healthy over the medium term on account of its improving scale of operations and conservative leverage policy.

Weaknesses

- **Fluctuations in input cost, consistency of bid to success ratio and delays in completion**

The input cost i.e. power cost, labour cost and raw materials - iron, steel and cement are highly volatile in nature with labour cost constituting around ~ 35 - 40 per cent of the total revenue. Hence, any adverse movement in input costs can impact profitability.

Also, timely completion of projects is dependent upon the time taken for handing over of land from the concerned authorities and time taken for execution of work without any hindrances. The financial risk profile of AIPL will be directly impacted due to any delays caused by the above two factors.

Further, AIPL maintains a bid to success ratio of around 6:1. The ability of the company to maintain a consistent bid to success ratio will be a key monitorable with respect to work and revenue visibility in the future.

Outlook: Stable

Acuité believes AIPL's outlook will remain 'Stable' and benefit over the medium term owing to its experienced management and long track of operations. The outlook may be revised to 'Positive' in case the firm is able to register improvement in profit margins and maintain healthy revenue growth. Conversely, the outlook may be revised to 'Negative' in case AIPL faces stretched working capital cycle or fall in revenue.

Liquidity Position

AIPL has adequate liquidity marked by healthy net cash accruals to its maturing debt obligations. The company generated cash accruals of Rs.7.20 crore to Rs.10.79 crore during the last three years through 2018-19, while its maturing debt obligations were in the range of Rs.0.40 crore – Rs.1.20 crore over the same period. The cash accruals of the company are estimated to remain around Rs.12.70 crore – Rs.15.30 crore during 2020-22, while its repayment obligations are estimated to be around Rs.1.50 crore. The company's operations are relatively working capital intensive as marked by gross current asset (GCA) days of 193 in FY2019 (Provisional). This has led to moderate reliance on working capital borrowings, the cash credit limit in the company remains utilized at 60 per cent during the last 12 months' period ended June 2019. AIPL maintains unencumbered cash and bank balances of Rs.23.04 crore as on March 31, 2019 (Provisional). The current ratio of AIPL stands healthy at 2.92 times as on March 31, 2019 (Provisional). The company is likely to incur capex of Rs.3.86 crore – Rs.4.10 crore over the medium term which is expected to be funded by internal accruals.

Acuité believes that the liquidity of AIPL is likely to remain adequate over the medium term on account of healthy cash accruals and no major repayments over the medium term.

About the Rated Entity - Key Financials

	Unit	FY19 (Provisional)	FY18 (Actual)	FY17 (Actual)
Operating Income	Rs. Cr.	212.41	142.19	190.41
EBITDA	Rs. Cr.	15.11	8.11	9.49
PAT	Rs. Cr.	6.79	2.72	3.22
EBITDA Margin	(%)	7.11	5.70	4.98
PAT Margin	(%)	3.20	1.91	1.69
ROCE	(%)	14.40	9.33	10.68
Total Debt/Tangible Net Worth	Times	0.47	0.17	0.23
PBDIT/Interest	Times	5.88	4.54	4.85
Total Debt/PBDIT	Times	1.97	0.99	1.09
Gross Current Assets (Days)	Days	193	149	103

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-17.htm>
- Infrastructure Entities - <https://www.acuite.in/view-rating-criteria-14.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.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. Cr.)	Ratings/Outlook
Over-Draft	Not Applicable	Not Applicable	Not Applicable	15.00	ACUITE BBB/Stable (Assigned)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE BBB/Stable (Assigned)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE BBB/Stable (Assigned)
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	49.00	ACUITE A3+ (Assigned)
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	30.00	ACUITE A3+ (Assigned)
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	20.00	ACUITE A3+ (Assigned)

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About Acuité Ratings & Research:

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