



Press Release
Anish Infracon India Private Limited
April 30, 2024

Rating Reaffirmed and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	26.00	ACUITE BBB+ Stable Reaffirmed	-
Bank Loan Ratings	20.00	Not Applicable Withdrawn	-
Bank Loan Ratings	124.00	-	ACUITE A2 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	150.00	-	-
Total Withdrawn Quantum (Rs. Cr)	20.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of '**ACUITE BBB+**' (read as **ACUITE Triple B plus**) and short-term rating of '**ACUITE A2**' (read as **ACUITE A two**) on the Rs.150.00 crore bank facilities of Anish Infracon India Private Limited (AIPL). The outlook is '**Stable**'.

Acuite has also withdrawn the long-term rating on the Rs. 20.00 crore bank facilities of Anish Infracon India Private Limited (AIPL). The same is withdrawn without assigning any rating as it is a proposed facility. The rating is being withdrawn on account of the request received from the company and as per Acuite's policy on withdrawal of ratings as applicable to the respective facility/instrument.

Rationale for reaffirmation

The rating reaffirmation takes into account AIPL's long track record of operations and experienced management, moderate improvement in operating performance and healthy financial risk profile. The operating income of AIPL has shown moderate growth since the last two years ending FY2023. The Company's revenue stood at Rs.273.96 Cr in FY2023 as against Rs. 249.33 Cr in FY2022. Further, AIPL is estimated to achieve a revenue of Rs.274.28 Cr in FY2024. The operating profit margins ranged between 11.54-11.69 percent for the last two years ended FY2023. The financial risk profile of AIPL continues to be healthy with comfortable debt protection metrics and low gearing levels. The overall gearing of the company stood at 0.39 times as on March 31, 2023 as against 1.09 times as on March 31, 2022. The interest coverage ratio stood at 8.05 times in FY2023 as against 8.03 times in FY2022. The ratings are further supported by AIPL's moderate order book position of Rs. 477.40 as on April 17, 2024, which is ~1.64 times of the FY2023 revenue which provides medium-term revenue visibility.

The rating is, however, constrained on account of intensive working capital operations and presence in competitive and fragmented industry.

About the Company

Gujarat-based, AIPL was established as a partnership firm in the year 1978 by Vijapura family. Subsequently, the constitution changed to private limited company in 2010. AIPL is engaged in civil construction work such as, road construction work, sanctioned by the Central and the

state government. Currently, AIPL is working in the states of Gujarat, Maharashtra and Madhya Pradesh.

Unsupported Rating

Not applicable

Analytical Approach

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

Key Rating Drivers

Strengths

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

The operations of AIPL commenced in 1978. The company is promoted by Vijapura family and promoters have experience of more than four decades in civil construction industry. The extensive experience of the promoters has helped the company in establishing and maintaining healthy relations with clients and sanctioning authorities. AIPL has a healthy track record of timely order completion across its various special purpose vehicles (SPVs). Acuité believes that AIPL will continue to benefit from promoters' extensive experience in the industry and improve its business risk profile over the medium term.

- **Stable scale of operations and moderate order book**

The company has reported moderate growth in scale of operations with YOY growth of 9.88 percent in FY2023 as compared to FY2022. Revenues stood at Rs.273.96 Cr in FY2023 as against Rs.249.33 Cr in FY2022.. However, the operating margins stood stable at 11.54 percent in FY2023 as against 11.69 in FY2022 percent. The company has an unexecuted order book position of Rs.477.40 Cr as on April 17, 2024. The company is planning to execute orders worth around Rs.260-275 Cr in FY2025. The outstanding order book is 1.64x of the FY2023 revenue. Acuité believes that the financial performance of the company is expected to improve going ahead, led by moderate order book position.

- **Healthy financial risk profile**

The company's financial risk profile is healthy, marked by a healthy net worth, low gearing levels, and healthy debt protection metrics. The net worth of the company stood at Rs.126.90 Cr and Rs.112.05 Cr as on March 31, 2023 and 2022 respectively. The improvement in net worth is due to accretion of reserves. Gearing of the company stood at 0.39 times as on March 31, 2023 against 1.09 times as on March 31, 2022. It has improved on account of the reduction in short term debt. Debt protection metrics – Interest coverage ratio and debt service coverage ratio stood at 8.05 times and 2.76 times as on March 31, 2023 respectively as against 8.03 times and 5.84 times as on March 31, 2022 respectively. TOL/TNW (Total outside liabilities/Total net worth) stood at 0.82 times and 1.86 times as on March 31, 2023 and 2022 respectively. The debt to EBITDA of the company stood at 1.45 times as on March 31, 2023 as against 3.74 times as on March 31, 2022. Acuité believes that in the absence of any major debt-funded capital expenditure plan in the near term; moderate cash accruals supported by lower reliance on the debt will help the company to maintain healthy financial risk profile over the medium term.

Weaknesses

- **Working capital intensive operations**

AIPL's working capital operations are intensive marked by high gross current asset (GCA) of 117 days as on March 31, 2023, as against 295 days as on March 31, 2022.

However, the GCA days improved in FY2023 on account of improved Debtor days. Inventory days stood at 7 days as on March 31, 2023 as against 4 days as on March 31, 2022. Debtor days stood at 25 days as on March 31, 2023 as against 218 days as on March 31, 2022. Debtor days improved on account of payments being received on time for HAM projects. Subsequently, the payable period stood at 53 days on March 31, 2023 as against 384 days on March 31, 2022 respectively and the limits remains utilized at 34 percent for fund based and 22 percent for non-fund based over the 12 months ended March 31, 2023. Acuite believes that the working capital operations of the company will remain at similar levels over the medium term.

- **Competitive and fragmented industry**

AIPL is into the business of civil construction. This particular sector is marked by the presence of several mid to big size players. AIPL faces intense competition from the other players in the sectors. Risk become more pronounced as tendering is based on minimum amount of bidding of contracts. However, this risk is mitigated to an extent as management has been operating in this environment for last four decades.

Rating Sensitivities

- Significant growth in operating performance leading to overall improvement in financial risk profile.
- Elongation of working capital cycle leading to deterioration in liquidity position

Liquidity Position: Adequate

AIPL's liquidity position is adequate, marked by adequate net cash accruals to its maturing debt obligation. The company generated cash accruals in the range of Rs.22.75 Cr in FY2023, while its maturing debt obligations were Rs. 5.55 Cr during the same period. Going forward the company is expected to generate net cash accruals of Rs. 23- 24 Cr in FY 2024-25 against Rs.4.10 Cr repayment obligations. The current ratio stood at 1.38 times as on March 31, 2023, and the limits remained utilized at 34 percent for fund based and 22 percent for non-fund based over the 12 months ended March 31, 2023 The company maintains unencumbered cash and bank balances of Rs.22.13 Cr as on March 31, 2023. Acuite believes that the company's liquidity will remain sufficient over the medium term backed by healthy accruals generation.

Outlook: Stable

Acuite believes AIPL will maintain a 'Stable' outlook in the medium term on account of its experienced management and healthy financial risk. The outlook may be revised to 'Positive' in case of substantial growth in revenues with timely execution of orders. Conversely, the outlook may be revised to 'Negative' in case delays in receipt of new orders or deterioration of financial risk profile or stretch in working capital cycle.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	273.96	249.33
PAT	Rs. Cr.	18.86	18.64
PAT Margin	(%)	6.89	7.48
Total Debt/Tangible Net Worth	Times	0.39	1.09
PBDIT/Interest	Times	8.05	8.03

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
01 Feb 2023	Bank Guarantee/Letter of Guarantee	Short Term	25.00	ACUITE A2 (Downgraded from ACUITE A2+)
	Proposed Bank Guarantee	Short Term	24.00	ACUITE A2 (Downgraded from ACUITE A2+)
	Bank Guarantee/Letter of Guarantee	Short Term	30.00	ACUITE A2 (Downgraded from ACUITE A2+)
	Bank Guarantee/Letter of Guarantee	Short Term	20.00	ACUITE A2 (Downgraded from ACUITE A2+)
	Bank Guarantee (BLR)	Short Term	40.00	ACUITE A2 (Downgraded from ACUITE A2+)
	Secured Overdraft	Long Term	15.00	ACUITE BBB+ Stable (Downgraded from ACUITE A- Stable)
	Cash Credit	Long Term	5.00	ACUITE BBB+ Stable (Downgraded from ACUITE A- Stable)
	Cash Credit	Long Term	1.00	ACUITE BBB+ Stable (Downgraded from ACUITE A- Stable)
	Cash Credit	Long Term	10.00	ACUITE BBB+ Stable (Downgraded from ACUITE A- Stable)
03 Nov 2021	Bank Guarantee (BLR)	Short Term	40.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	20.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	30.00	ACUITE A2+ (Reaffirmed)
	Proposed Bank Guarantee	Short Term	24.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	25.00	ACUITE A2+ (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE A- Stable (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE A- Stable (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE A- Stable (Reaffirmed)
	Secured Overdraft	Long Term	15.00	ACUITE A- Stable (Reaffirmed)
14 Jun 2021	Proposed Bank Guarantee	Short Term	24.00	ACUITE A2+ (Upgraded from ACUITE A2)
	Bank Guarantee (BLR)	Short Term	25.00	ACUITE A2+ (Upgraded from ACUITE A2)
	Bank Guarantee (BLR)	Short Term	20.00	ACUITE A2+ (Upgraded from ACUITE A2)
	Bank Guarantee (BLR)	Short Term	30.00	ACUITE A2+ (Upgraded from ACUITE A2)
	Secured Overdraft	Long Term	15.00	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Cash Credit	Long Term	1.00	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Cash Credit	Long Term	5.00	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	40.00	ACUITE A2 Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	30.00	ACUITE A2 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	25.00	ACUITE A2 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 BBB+ Stable Reaffirmed
Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.00	ACUITE BBB+ Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Bank Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	29.00	ACUITE A2 Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	20.00	Not Applicable Withdrawn
HDFC Bank Ltd	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	15.00	ACUITE BBB+ Stable Reaffirmed

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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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