



**Press Release**  
**NNT Developers Private Limited**  
**September 18, 2024**  
**Rating Assigned and Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	23.96	ACUITE BBB-   Stable   Reaffirmed	-
Bank Loan Ratings	30.00	-	ACUITE A3   Assigned
Bank Loan Ratings	52.26	-	ACUITE A3   Reaffirmed
<b>Total Outstanding Quantum (Rs. Cr)</b>	106.22	-	-

**Rating Rationale**

Acuite has reaffirmed its long term rating of **‘ACUITE BBB-’ (read as ACUITE triple B minus)** and its short term rating of **‘ACUITE A3’ (read as ACUITE A three )** on the Rs. 76.22 crore bank facilities of NNT Developers Private Limited (NNTDPL). The outlook is **‘Stable’**. Acuite has also assigned its short-term rating of **‘ACUITE A3’ (read as ACUITE A three)** on the Rs. 30.00 crore bank facilities of NNT Developers Private Limited (NNTDPL). The outlook is **‘Stable’**.

**Rationale for Rating**

The rating reaffirmation on NNTDPL takes cognizance of company's steady business risk profile marked by improvement in the operating margins and stable operating income in FY24(Prov.). With a strong orderbook position, it is expected that the company would be able to sustain its scale of operations in the medium term. The rating is further supported by above average financial risk profile of the company characterized by moderate net worth, low gearing and comfortable debt coverage indicators. The rating further derives strength from the extensive experience of the promoters in the civil construction industry. The liquidity position remains adequate as reflected by adequate net cash accruals against repayment obligations. The rating, however, remains constrained by stiff competition in the construction sector, susceptibility of margins to volatile nature of raw material prices, and working capital intensive nature of operations of the company marked by high amount of security deposits to

be kept with the tendering authority.

### **About the Company**

Incorporated on September 28, 2017, NNT Developers Private Limited (NNTDPL) is engaged in civil construction activities in segment like buildings, water drainage, railway lines, electrical/mechanical, electronic works, tunnels etc. The company participates in tenders and executes orders for the various government departments of Bihar, Jharkhand and Uttar Pradesh. Mr. Suyash Kumar, Mr. Jitendra Singh, Mr. Rajendra Singh and Mr. Sharwan Singhare presently associated as directors.

### **Unsupported Rating**

Not Applicable

### **Analytical Approach**

Acuité has taken a standalone view of the business and financial risk profile of NNTDPL to arrive at the rating.

## **Key Rating Drivers**

### **Strengths**

#### **Experienced management and an established relationship with customers**

The promoters have around two decades of experience in the construction business. The long-standing experience of the promoters has helped them establish comfortable relationships with key suppliers and reputed customers. The day-to-day operations are carried out by its directors, Mr. Rajendra Singh, Mr. Sharwan Singh, Mr. Jitendra Singh, and Mr. Suyash Kumar, who have experience spanning over two decades in the civil construction industry. The extensive experience of the management has helped the company get tenders on a regular basis.

Acuité derives comfort from the long experience of the management and believes this will benefit the company going forward, resulting in steady growth in the scale of operations.

#### **Increase in scale of operations and profitability margins**

The company witnessed an improvement in its scale of operations marked by operating income of Rs. 144.31 Cr. in FY2024(Prov.) as against Rs. 122.85 Cr. in FY2023, registering an y-o-y growth of ~17.46 per cent. The increase in the operating income is backed by healthy order book position with unexecuted order in hand to the tune of Rs. 602.36 Cr. as on May 31, 2024, which shall be executed in next 1-2 year thereby providing satisfactory revenue visibility in the near to medium term.

The operating profit increased and stood at Rs. 18.59 Cr. in FY2024(Prov.) as against Rs. 12.88 Cr. in FY2023. Also, the operating margin of the company increased and stood at 12.89 per cent in FY2024(Prov.) as against 10.48 per cent in FY2023 as the company started to bid for higher margin orders. The PAT margin improved to 6.94 per cent in FY2024(Prov.) as against 4.98 per cent in FY2023. Though company's profitability is exposed to volatility in raw material prices, NNTDPL have an in-built price escalation clause for major raw materials (such as steel, cement, fuel and bitumen) in most of its contracts.

#### **Above average financial risk profile**

The company's above average financial risk profile is marked by moderate albeit improving net worth, low gearing and strong debt protection metrics. The tangible net worth of the company improved to Rs. 42.23 Cr. as on March 31, 2024(Prov.) from Rs. 32.22 Cr. as on March 31, 2023, due to accretion to reserves. Gearing of the company stood below unity at 0.65 times as on March 31, 2024(Prov.) as against 0.74 times as on March 31, 2023. Total debt of the company stood at Rs. 27.47 Cr. as on March 31, 2024(Prov.) as against Rs. 23.93 Cr. as on March 31, 2023. The strong debt protection metrics of the company is marked by Interest Coverage Ratio at 5.51 times and Debt Service Coverage Ratio at 3.34 times as on March 31, 2024(Prov.) against 3.49 times and 2.87 times as on March 31, 2023, respectively. Acuité believes that going forward the financial risk profile of the company will be sustained backed by steady accruals and no major debt funded capex plans.

### **Weaknesses**

#### **Working capital intensive nature of operations**

The working capital-intensive nature of operations of the company is marked by GCA days of 288 days in FY2024(Prov.) as compared to 246 days in FY2023. The high GCA days is mainly on account of significant security deposits, margin money and retentions kept with the tendering authorities. The debtor days improved to 23 days in FY2024(Prov.) as against 37 days in FY2023. Inventory days increased significantly and stood at 105 days in FY2024(Prov.) as against 28 days in FY2023 as the company had undertaken and completed most of the work contracts by the end of March '24, although certification of the same remained pending by the department by the financial year end. This led to accumulation of the completed works

under the head work in progress in FY2024, thereby, increasing the inventory days. Also, the creditor days stood high at 295 days in FY2024(Prov.) as against 187 days in FY2023 as more than 40% of the work contracts were completed in the last quarter of FY24 which resulted in an increase in the creditor days, though payments to creditors were made within the next 30-60 days.

Acuité believes that the working capital requirement is likely to remain at similar levels in the near to medium term.

### **Competitive and fragmented nature of industry coupled with tender-based business**

The company is engaged as a civil contractor, and the sector is marked by the presence of several mid- to large-sized players. The company faces intense competition from other players in the sector. Risk becomes more pronounced as tendering is based on a minimum amount of bidding on contracts, and hence the company must bid for such tenders at competitive prices, which may affect the profitability of the company. However, this risk is mitigated to an extent due to the extensive experience of the management over the past two decades in the construction industry.

### **Rating Sensitivities**

- Elongation of working capital cycle
- Significant contraction in orderbook size impacting sustenance of scale of operation and profitability margins

### **Liquidity Position Adequate**

The company's liquidity is adequate marked by net cash accruals of Rs. 11.42 Cr. as on March 31, 2024(Prov.) as against Rs.1.00 Cr. of debt repayment over the same period. The current ratio moderated and stood at 1.60 times in FY2024(Prov.) as against 1.72 times in FY2023. Further, average fund-based limit utilisation stood at 83.77 per cent and non-fund-based limits at 83.45 per cent over last 7 months ended July 2024. The cash and bank balances of the company stood at Rs. 4.04 Cr. as on March 31, 2024(Prov.). The company has a fixed deposit of Rs. 9.84 Cr. in FY2024(Prov.), out of which ~Rs. 2.00 Cr. are unencumbered. However, the working capital-intensive nature of operations of the company is marked by Gross Current Assets (GCA) of 288 days in FY2024(Prov.) as compared to 246 days in FY2023. Acuité believes that going forward the company will maintain adequate liquidity position due to steady accruals.

### **Outlook: Stable**

Acuité believes NNTDPL will maintain a 'Stable' outlook over the medium term given by promoters' extensive industry experience, healthy order book position and above average financial risk profile. The outlook may be revised to 'Positive' if scale of operations, profitability, and working capital cycle improve significantly, and if the company widens geographical presence. Conversely, the outlook may be revised to 'Negative' if financial risk profile weakens because of significantly low cash accrual, or sizeable working capital requirement, or debt funded capital expenditure.

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	144.31	122.85
PAT	Rs. Cr.	10.01	6.11
PAT Margin	(%)	6.94	4.98
Total Debt/Tangible Net Worth	Times	0.65	0.74
PBDIT/Interest	Times	5.51	3.49

## 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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
21 Jun 2023	Bank Guarantee/Letter of Guarantee	Short Term	35.00	ACUITE A3 (Reaffirmed)
	Proposed Bank Guarantee	Short Term	15.00	ACUITE A3 (Assigned)
	Secured Overdraft	Long Term	9.00	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	4.68	ACUITE BBB-   Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	0.54	ACUITE BBB-   Stable (Reaffirmed)
	Proposed Secured Overdraft	Long Term	12.00	ACUITE BBB-   Stable (Assigned)
07 Apr 2022	Bank Guarantee/Letter of Guarantee	Short Term	35.00	ACUITE A3 (Assigned)
	Secured Overdraft	Long Term	9.00	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	4.00	ACUITE BBB-   Stable (Assigned)
	Covid Emergency Line.	Long Term	1.22	ACUITE BBB-   Stable (Assigned)

## 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 Baroda	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	35.00	ACUITE A3   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Bank Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	17.26	ACUITE A3   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Bank Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	30.00	ACUITE A3   Assigned
Not Applicable	Not avl. / Not appl.	Proposed Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	11.00	ACUITE BBB-   Stable   Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	9.00	ACUITE BBB-   Stable   Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2027	Simple	3.96	ACUITE BBB-   Stable   Reaffirmed

## Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 <a href="mailto:mohit.jain@acuite.in">mohit.jain@acuite.in</a>  Nidhi Gala Associate Analyst-Rating Operations Tel: 022-49294065 <a href="mailto:nidhi.gala@acuite.in">nidhi.gala@acuite.in</a>	Varsha Bist Associate Vice President-Rating Administration Tel: 022-49294011 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a>

### 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.

**Disclaimer:** An Acuité 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. Ratings assigned by Acuité 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, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité 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. Ratings assigned by Acuité 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.acuite.in](http://www.acuite.in)) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.