



Rating Rationale

ABCI Infrastructures Pvt. Ltd.

2 Jan 2019

Brickwork Ratings reaffirms the ratings for the enhanced Bank Loan Facilities of Rs. 518.50 Crs of ABCI Infrastructures Pvt. Ltd. (AIPL or the 'Company') and withdraws rating for the term loans (o/s Rs. 71.35 Crs) for the Company.

Particulars

Facility Rated	Previous Amount (Rs. Crs)		Present Amount (Rs. Crs)		Tenure	Rating *	
	Existing	Proposed	Existing	Proposed		Previous Oct 2017	Present
Fund Based Term Loan	71.35	-	-	-	Long Term	BWR A- [Pronounced BWR A Minus] Outlook: Stable	Withdrawn
Fund Based Cash Credit	54.50	4	68.50	-	Long Term	BWR A- [Pronounced BWR A Minus] Outlook: Stable	BWR A- [Pronounced BWR A Minus] Outlook: Stable (Reaffirmation)
Non-Fund Based - BG	363	37	404	46	Short Term	BWR A2+ [Pronounced A Two Plus]	BWR A2+ [Pronounced A Two Plus] (Reaffirmation)
Total	529.85		518.50		(Rupees Five Hundred Eighteen Crores and Fifty Lakhs Only.)		

^ Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

** Details of bank wise facilities is as per Annexure I

Rating: Reaffirmed/Withdrawn for the term loans

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results up to FY18, projected financials for FY19, publicly available information and information/clarification provided by the Company's management.



The rating reaffirmation continues to factor, inter alia, AIPL's sound and established track record in execution of Government contracts of diverse nature, Company's expertise in executing tunnel projects especially in the adverse climatic conditions of North East India and also works in India's border areas, experienced promoters, reputed clientele comprising mostly Government Departments, healthy order book position leading to revenue visibility in the medium term, comfortable debtors position and above average financial risk profile marked by healthy margins, adequate debt protection indicators & strong net worth.

The ratings are, however, constrained by the general risks associated with the infrastructure construction industry such as vulnerability of margins due to tender based nature of business in a highly competitive industry and working capital intensive nature of business.

Description of Key Rating Drivers

Key Rating Strengths

AIPL's sound and established track record: AIPL is engaged in construction of tunnels, fabrication of steel girders for railway bridges, construction, repair and modification of roads, supply of ballast for railways, as well as construction of concrete bridges, buildings, fencing, earthworks, etc. AIPL has constructed some of the major tunnels in N.E Region. The Company has a vast experience in building bridges of more than 80 meter long single span permanent steel superstructure for water sites. It has built bridges over rivers and has an expertise in RCC and prestressed concrete bridges. ABCI has developed expertise in fixing of Border Fencing in the states of Mizoram, Tripura & other Border States.

Reputed clientele comprising mostly Government Departments: The Company executes contracts for the Northeast Frontier Railway, Public Works Departments of different states and few other Government entities primarily in the north eastern region.

Healthy order book position leading to revenue visibility in the medium term: The Company has a strong order book of Rs. 2826 Crs as on 30 Sep 2018. These projects are expected to be mostly completed in the next couple of years, indicating revenue visibility in the medium term.

Key Rating Weakness

General risks associated with the infrastructure construction industry: As the Company mostly deals with Government Departments; Receivables position is usually on a higher side leading to higher requirement of working capital debt. However, since all the projects are Central Government financed projects, payment is fully secured despite the delays in realization of bills due to procedural bottlenecks.



Analytical approach

While assigning the ratings, BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **ABCI Infrastructures Pvt. Ltd.**'s business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Initially incorporated in 1993 as Maxxom Vyapaar Private Limited, the company was renamed ABCI Infrastructures Private Limited (AIPL) in 2002, and it took over Anupam Bricks and Concrete Industry, a proprietorship firm formed earlier by the promoter Mr. Budhmal Baid to run construction business. Currently, AIPL is engaged in construction of tunnels, fabrication of steel girders for railway bridges, construction, repair and modification of roads, supply of ballast for railways, as well as construction of concrete bridges, buildings, fencing, earthworks, etc. The Company executes contracts for the Northeast Frontier Railway, Public Works Departments of different states and few other Government entities primarily in the north eastern region. AIPL has six branch offices with its registered office located at Silchar and Corporate office at Kolkata.

Mr. Budhmal Baid is the Managing Director of the Company and the other Directors are Mr. Jodhraj Baid, Mr. Pawan Kumar Baid and Mr. Hemant Kumar Baid.

Company Financial Performance

AIPL reported an increase in net revenues by ~14% at Rs. 469.43 Crs in FY18 against Rs. 412.10 Crs in FY17 which has resulted in higher net profit of Rs 15.13 Crs for FY18 when compared to Rs 11.88 Crs in FY17. As of 31 Mar 2018, tangible net worth of the Company stood at Rs. 128.51 Crs and total debt to tangible net worth ratio stood at 1.18 times. The Company has moderate liquidity with current ratio at 1.20 times and low cash conversion cycle of (10) days in FY18.

Key Parameters	FY16 (Audited)	FY17 (Audited)	FY18 (Audited)
Total Operating Income (₹ in Cr)	376.54	412.10	471.59
EBITDA (₹ in Cr)	49.87	57.57	73.80
Profit After Tax (₹ in Cr)	12.74	11.88	15.13
Tangible Net Worth (₹ in Cr)	101.30	113.30	128.51
Total Debt to Tangible Net Worth (Times)	0.82	1.32	1.18
Current Ratio (Times)	1.43	1.20	1.20

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument/ Facility	Current Rating (2018)			Rating History		
		Type	Amount (Rs Crs)	Rating	2017	2016	2015
1	Fund Based Cash Credit	Long Term	68.50	BWR A- (Stable)	BWR A- (Stable)	BWR A- (Stable)	NA
2	Non Fund Based - BG/LC	Short Term	450	BWR A2+	BWR A2+	BWR A2+	NA
3	Fund Based -Term Loans	Long Term	-	Withdrawn	BWR A- (Stable)	BWR A- (Stable)	NA
	Total		518.50	INR Five Hundred Eighteen Crores and Fifty Lakhs only			

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Services Sector](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)



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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.



ABCI Infrastructures Private Limited
Annexure I: Details of Bank wise Facilities

Banks	Facility (Rs. Crs)		
	CC	BG	Total
Federal Bank (Lead Bank)	20	110	130
State Bank Of India	10	88	98
IDBI Bank	15	50	65
ICICI Bank Ltd	3.5	45	48.50
Punjab National Bank	5	45	50
Yes Bank	1	25	26
HDFC Bank	4	21	25
IndusInd Bank	10	20	30
Total Sanctioned Limits	68.50	404	472.50
Proposed Limits	-	46	46
Total Proposed Limits	-	46	46
Total amount to be rated		518.50	