



Rating Rationale

ABCI Infrastructures Pvt. Ltd.

11th October 2017

Brickwork Ratings reaffirms the ratings for the enhanced Bank Loan Facilities of Rs. 529.85 Crs of ABCI Infrastructures Pvt. Ltd. (AIPL or the 'Company').

Particulars

Facility Rated	Previous Amount (Rs. Crs)		Present Amount (Rs. Crs)		Tenure	Rating *	
	Existing	Proposed	Existing	Proposed		Previous Sep 2016	Present
<u>Fund Based</u>							
Term Loan	-	-	71.35	-	Long Term	BWR A- [Pronounced BWR Single A Minus] Outlook: Stable	BWR A- [Pronounced BWR Single A Minus] Outlook: Stable reaffirmed
Cash Credit	48.50	-	54.50	4.00			
<u>Non-Fund Based</u>							
BG	263.00	147.00	363.00	37.00	Short Term	BWR A2+ [Pronounced A Two Plus]	BWR A2+ [Pronounced A Two Plus] Reaffirmed
Total	458.50		529.85		(Rupees Five Hundred Twenty Nine Crores and Eighty Five 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

Rationale/Description of Key Rating Drivers/Rating sensitivities:



BWR has principally relied upon the audited financial results up to FY16, provisional financial results of FY17, projected financials of FY18 & FY19, publicly available information and information/clarification provided by the Company's management.

The ratings continue 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 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: 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 pre-stressed 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. 2427.18 Crs as on 31 May 2017. 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 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 Kolkata.

AIPL has a strong order book of Rs. 2427.18 Crs as on 31 May 2017.

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 a slight increase in net revenues at Rs. 413.67 Crs in FY17 (provisional) against Rs. 376.54 Crs in FY16. Similarly, there was marginal increase in net profit at Rs 14.06 Crs in FY17 compared to Rs 12.74 Crs in FY16. As of Mar 31, 2017, tangible net worth of the Company stood at Rs. 115.66 Crs and total debt to tangible net worth ratio stood at 1.18 times.



The Company has comfortable liquidity with current ratio at 1.40 times and a cash conversion cycle of 26 days in FY17.

Key Parameters	FY15 (Audited)	FY16 (Audited)	FY17 (Provisional)
Total Operating Income (₹ in Cr)	374.79	376.54	413.67
EBITDA (₹ in Cr)	48.18	49.87	60.50
Profit After Tax (₹ in Cr)	12.22	12.74	14.06
Tangible Net Worth (₹ in Cr)	88.85	101.30	115.66
Total Debt to Tangible Net Worth (Times)	0.96	0.82	1.18
Current Ratio (Times)	1.54	1.43	1.40

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

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	Sep 2016	2015	2014
1	Fund Based Bank Loan Facilities	Long Term	129.85	BWR A- (Stable)	BWR A- (Stable)	NA	NA
2	Non Fund Based Bank Loan Facilities	Short Term	400.00	BWR A2+	BWR A2+	NA	NA
	Total		529.85	(Rupees Five Hundred Twenty Nine Crores and Eighty Five Lakhs Only.)			

Hyperlink/Reference to applicable Criteria

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



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

Banks	Facility (Rs. Crs)			
	TL O/s 30/06/2017	CC	BG	Total
Federal Bank (Lead Bank)		20.00	110.00	130.00
State Bank Of India		10.00	88.00	98.00
IDBI Bank		15.00	50.00	65.00
ICICI Bank Ltd		3.50	45.00	48.50
Punjab National Bank		5.00	45.00	50.00
Yes Bank		1.00	25.00	26.00
Term Loan from various Banks and NBFCs	71.35	-	-	71.35
Total Sanctioned Limits	71.35	54.50	363.00	488.85
Proposed Limits		4.00	37.00	41.00
Total Proposed Limits	-	4.00	37.00	41.00
Total amount to be rated		529.85		

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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, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives



in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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