

Rating Rationale

Brickwork Ratings assigns 'BWR A-' & 'BWR A2+' ratings to ABCI Infrastructures Private Limited's Bank Facilities amounting to ₹ 458.50 Cr

Brickwork Ratings has assigned the following **Ratings¹** to **ABCI Infrastructures Private Limited** (AIPL or the 'Company')'s Bank Loan Facilities of Rs.458.50 Cr:

Facility	Sanctioned Limits (₹ Cr)	Untied Exposure (₹ Cr)	Tenure	Rating
Cash Credit	48.50	147.00	Long Term (FB)	BWR A- [Pronounced BWR A Minus] (Outlook: Stable)
BG	263.00		Short Term (NFB)	BWR A2+ [Pronounced BWR A Two Plus]
Grand Total	458.50		INR Four Hundred Fifty Eight Crores and Fifty Lakhs only	

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

BWR has principally relied upon the audited financial results up to FY15, provisional financial results of FY16, projected financials of FY17 & FY18, publicly available information and information/clarification provided by the Company's management.

The ratings have factored, inter alia, AIPL's sound and established track record in execution of Government contracts of diverse nature, experienced promoters, 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, reputed clientele of mostly Government Departments, comfortable debtors position, above average financial risk profile marked by healthy margins, adequate debt protection indicators & strong net worth, healthy order book position leading to revenue visibility in the medium term. The ratings also notes that there is enough scope for the Company's growth with communication infrastructure being given a lot of importance in North-Eastern regions of India where the Company's operations are mostly concentrated.

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, besides the limitations of such activity in the North-East part of the country.

Company Background

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

¹ Please refer to www.brickworkratings.com for definition of the Ratings

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. 1491.15 Crs as on June 30, 2016.

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.

Financial Performance

AIPL reported a slight increase in net revenues at Rs. 381.56 Crs in FY16 (provisional) against Rs. 374.79 Crs in FY15. Similarly, there was marginal increase in net profit at Rs 12.49 Crs in FY16 compared to Rs 12.22 Crs in FY15. As of Mar 31, 2016, tangible net worth of the Company stood at Rs. 101.35 Crs and total debt to tangible net worth ratio stood at 0.88 times. The Company has comfortable liquidity with current ratio at 1.44 times and a cash conversion cycle of 76 days in FY16.

Further, as per provisional information provided by the Company's management, the Company has achieved a turnover of Rs 100.00 Crs in Q1FY17.

Rating Outlook

The outlook of the Company is expected to be stable for the next year. Going forward, the Company's ability to improve its scale of operations, timely execution of projects in hand, maintain healthy order book and efficient management of working capital shall remain the key rating sensitivities.

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ABCI Infrastructures Private Limited

Annexure I: Details of Bank wise Facilities

Sl. No.	Bank	Facility		
		Cash Credit	Bank Guarantee	Total Amount to be Rated
1	Federal Bank (Lead Bank)	20.00	80.00	100.00
2	State Bank Of India	10.00	88.00	98.00
3	IDBI Bank	15.00	50.00	65.00
4	ICICI Bank Ltd	3.50	45.00	48.50
Total Sanctioned Limits		48.50	263.00	311.50
Untied exposure		147.00		147.00
Total Amount to be Rated				458.00

Note: ABCI Infrastructures Private Limited has availed Rs 311.50 Crs of sanctioned working capital facilities (CC & BG) through consortium of 4 Banks led by Federal Bank. The assessed credit limits under consortium is Rs. 458.50 Cr out of which Rs 147.00 crs is the untied exposure.