

Rating Rationale

28 Feb 2019

Aneri Construction Pvt Ltd

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 21.50 Crores of Aneri Construction Pvt Ltd.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (26Feb2018)	Present
Fund based	8.00	8.00	Long Term	BWR BB (Pronounced as BWR Double B plus) Outlook: Stable	BWR BB (Pronounced as BWR Double B plus) Outlook: Stable Reaffirmed
Non Fund Based	13.50	13.50	Short Term	BWR A4 (Pronounced as BWR A Four)	BWR A4 (Pronounced as BWR A Four) Reaffirmed
Total	21.50	21.50	INR Twenty one crores Fifty Lakhs only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Ratings: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financials upto FY18, Provisional financials as on 19Feb2019, Projected/estimated financials upto FY20 of the Company (or 'ACPL') and information /clarifications provided by the management.

The rating derives strength from experience of promoters in construction of natural gas pipelines, improved operation, healthy order book, comfortable liquidity and moderate financial risk profile. However, the rating continues to remain constrained on account of its financial risk profile marked by thin profit margins, risk related to timely completion of projects, and working capital intensive nature of operation etc.



Going further, company's ability to improve its' operation, profit margins, efficient working capital management, and timely repayment of debt obligation, will be key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

- **Experienced Promoter** : The Company was established in 1992 by Bharat M Patel, who has an established track record of more than 2 decades in the field of construction of natural gas pipelines.
- **Improved revenue trend & Healthy Book order position** : The Company has achieved a revenue of Rs. 55.32 Crs in FY18 as compared to Rs. 40.47 Crs in FY17. The Company has completed work orders amounting to Rs. 67.70 Crs and has a healthy order book position of Rs. 69.76 crore providing increased revenue visibility for FY19.
- **Moderate Financial risk profile** : Gearing was low at 0.57x in FY17, and it further improved to 0.51x in FY18 and TOL/TNW is 1.17x in FY18. There is an absence of major Long term liability. TNW is moderate at Rs. 15.41 Crs & DSCR at 2.87x & ISCR at 3.58x in FY18.

Credit risks:

- **Vulnerability of profitability**: Net Profit margin has marginally increased from 1.22% in FY17 to 1.24% in FY18 and the OPM reduced from 11.06% to 9.57%, due to high operating cost.
- **Exposure to execution risks inherent to EPC projects** - Most of the EPC contracts of the company are characterised by high execution risks with chances of inordinate delays due to external factors. Due to competition and fixed price nature of contracts, the company is exposed to risk of contraction in profitability due to volatility in input prices or other external factors during the execution period which may span 12-18 months or more.

Liquidity Profile : The current ratio of the company stood at 1.16 times in FY18 as against 1.08 times in FY17. The company had current investments and Cash/ bank balance of Rs. 1.22 Crs and receivable O/s of Rs. 7.76 Crs as on 31-3-2018. The working capital cycle of the company has remained comfortable on account of improved receivable cycle coupled with relatively average utilization of working capital facilities.

Analytical Approach

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

Rating Outlook: *Stable*

BWR believes the **Aneri Construction Pvt Ltd** 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

Aneri Construction Pvt Ltd is an ISO 9001:2008 certified company which was established in the year 1992 by Mr. Bharat M. Patel. The company has its registered office in Surat, Gujarat. ACPL is engaged in the business of construction of natural gas pipelines. Its major projects are executed in Gujarat, Punjab, Kerala, Delhi etc.

Company Financial Performance

The company reported a net revenue from operations of Rs. 40.47 Crs with a net profit margin of 1.22% in FY17 and Rs. 55.32 Crs with a net profit margin of 1.24% in FY18. Tangible net worth stood at Rs. 15.41 Crs as on March 31, 2018.

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2019)			Rating History		
		Type	Amount (₹ Crs)	Rating	26Feb2018	2017	2016
1	Fund Based Overdraft	Long Term	8.00	BWR BB (Pronounced as BWR Double B plus) Outlook: Stable Reaffirmed	BWR BB (Pronounced as BWR Double B plus) Outlook: Stable	Not Rated	Not Rated
2	Non Fund Based Bank Guarantee	Short Term	13.50	BWR A4 (Pronounced as BWR A Four) Reaffirmed	BWR A4 (Pronounced as BWR A Four)	Not Rated	Not Rated
	Total		21.50	₹ Twenty One Crores & Fifty Lakhs Only			

Status of non-cooperation with previous CRA (if applicable)- Not Applicable

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ in Crores	55.32	40.47
EBITDA	₹ in Crores	4.55	3.90
PAT	₹ in Crores	0.59	0.43
Tangible Net worth	₹ in Crores	15.41	14.83
Total Debt/Tangible Net worth	Times	0.51	0.57
Current Ratio	Times	1.16	1.08

Hyperlink/Reference to applicable Criteria

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

For any other criteria obtain hyperlinks from website

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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

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