



RATING RATIONALE

18 Dec 2019

Annu Infra Construct India Pvt. Ltd

Brickwork Ratings reaffirms the rating for the Bank Loan Facilities of ₹. 85 Crs of Annu Infra Construct India Pvt. Ltd

Particulars:

Facility**	Previous Amount (Rs Crs)	Present Amount (Rs Crs)	Tenure	Previous Rating (April 2019)	Rating Assigned*
Fund Based Cash Credit	6.00	12.00	Long Term	BWR BBB-Stable	BWR BBB-Stable Reaffirmed
Non Fund Based Bank Guarantee	49.00	73.00	Short Term	BWR A3+	BWR A3+ Reaffirmed
Total	55.00	85.00***	INR Eighty Five Crores Only		

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

** Details of Bank facilities is provided in Annexure-I

***includes proposed CC limit of Rs 7 Crs and BG limit of Rs 31 Crs.

RATING ACTION / OUTLOOK

Brickwork rating has reaffirmed the long term rating to BWR BBB- /Stable and short term rating to BWR A3+ for the bank loan facilities of Annu Infra Construct India Pvt. Ltd

BWR principally relied upon audited financials upto FY19 projections of FY20 and FY21 publicly available information and information/clarifications provided by the management.

The rating draws comfort from the extensive experience of the promoters, comfortable debt protection metrics and orders on hand. The rating however, constrained by stagnant revenue and regulatory & other risks.

The outlook is stable as the company has an order book of Rs 578 Crs which provides revenue visibility in the near future.



KEY RATING DRIVERS

Credit Strengths:

- **Extensive experience of the promoters:** Mr. Sanjay Sarraf, the key promoter of the company, holds over 40% stake and has an experience of around 20 years in executing Infra & telecom related projects..
- **Comfortable Credit Risk Profile:** AICIPL's gearing stood comfortable at 0.47 times as on 31st March 2019. Its debt coverage metrics were also comfortable at 5.60X (ISCR) and 2.94x (DSCR) in FY19. Entity reported Operating profit margin and Net profit margin of 11.41% and 5.97% respectively and the networth stood at Rs 27.94 Crs(FY19).
- **Access to unutilised credit lines:** The company utilises only 20-30% of the bank limits most of the time, leaving significant unutilised amount with the company to utilise in times of need which indicates limited reliance on bank funding and availability of internal accruals with the company to fund the business.

Credit Weakness

- **Stagnant Revenues:** During FY19, entity reported revenues of Rs 121.46 Crs as against Rs 120.69 Crs during FY18. As informed, entity was not able to achieve its projected revenue due to parliamentary election and model code of conduct imposed during the last quarter. However, the company has orders of Rs 578 Crs to be executed over a period of 2 to 3 years.
- **Regulatory & other risks:** AICIPL's business is highly susceptible to changes in government regulations such as site clearances, payment settlement etc. Further, the company is exposed to risks related to tender based business, seasonality in operations, labour related issues, site clearance & geographical issues etc. All such factors may result in time and cost over run of the projects of the company.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

BWR has factored in the standalone business parameters and financial risk profile of the company to arrive at the rating. Reference may be made to the Rating Criteria hyperlinked detailed below (hyperlinks provided at the end of this rationale).



RATING SENSITIVITIES

Going forward, the ability of the company to achieve significant growth in revenue and profitability margins would be key rating sensitivity.

Positive: The rating outlook may be revised to positive if the company is able to achieve significant growth in revenue while improving margins and leverage level.

Negative: The rating may be downgraded if the company achieve lower revenue than projected and is not able to maintain profitability margins

LIQUIDITY POSITION (Adequate)

Low level of CC utilization provides a cushion against any financial adversity. Current ratio of 1.28X almost at par with bench mark level. During FY19, Entity had cash accruals of Rs 10.49 Crs against CPLTD of Rs 1.93 Crs.

COMPANY PROFILE

Incorporated in 2003, Annu Infra Construct India Pvt. Ltd. was formed to provide high quality Telecom Construction turnkey project execution for leading Indian telecom companies and laying sewer pipe lines by mechanized process. The company's directors have over 20 years of experience in building civil infrastructure.

The Company is also specialized for OFC laying, Trenching and Ducting through HDD method, construction of Mobile Tower and all Electrical & Electronics Equipment, and electrical wiring earthing etc.

KEY FINANCIAL INDICATORS

Key Parameters	Units	FY 18	FY19
Result Type		Audited	Audited
Total Operating Income	Rs Crs	120.69	121.46
OPBDIT	Rs Crs	11.74	13.86
PAT	Rs Crs	5.82	7.25
TNW	Rs Crs	20.69	27.94
TOL/TNW	Times	4.09	4.69
Current Ratio	Times	1.06	1.28

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED - NA

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY - INDIA ratings migrated the rating to issuer not cooperating on 04/01/2019.

RATING HISTORY

Facilities	Current Rating (2019)			Rating History			
	Amount (₹ Cr)	Tenure	Current Rating	April, 2019	Dec, 2018	2017	2016
Fund Based	12.00	Long Term	BWR BBB-Stable Reaffirmed	BWR BBB-Stable	BWR BBB-Stable (Not Accepted)	NA	NA
Non Fund Based	73.00	Short Term	BWR A3+ Reaffirmed	BWR A3+	BWR A3+ (Not Accepted)		
Total	85.00	INR Eighty Five Crores Only					

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

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

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ANNEXURE I

Details of Bank Facilities rated by BWR

Name of the Bank	Type of Facilities	Long Term {(₹ Cr)}	Short Term (₹ Cr)	Total (₹ Cr)
AXIS	Cash Credit	2.00	-	2.00
	Bank Guarantee	-	14.00	14.00
Corporation Bank	Cash Credit	3.00	-	3.00
	Bank Guarantee	-	18.00	18.00
HDFC	Cash Credit	2.00	-	2.00
	Bank Guarantee	-	23.00	23.00
Bank of Maharashtra	Cash Credit	5.00	-	5.00
	Bank Guarantee	-	18.00	18.00
TOTAL				85.00*

INR Eighty Five Crores Only

***includes proposed CC limit of Rs 7 Crs and BG Limit of Rs 31 Crs.**

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presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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