



Rating Rationale

Annu Infra Construct India Pvt. Ltd.

03 April 2019

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 55.00 Crs of Annu Infra Construct India Pvt. Ltd..

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based Cash Credit	6.00	Long Term	BWR BBB- (Pronounced as BWR Triple B Minus) Outlook: Stable
Non Fund Based Bank Guarantee	49.00	Short Term	BWR A3+ (Pronounced as BWR A Three Plus)
Total	55.00*	INR Fifty Five Crores Only	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings includes proposed limits of Rs 26.00 Crs

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR Principally relied upon audited financials upto FY18, projections of FY19 and FY20, publicly available information and information/clarifications provided by the management.

The ratings draw comfort from experienced promoters, strong debt protection metrics and unutilized credit lines. The rating, however constrained by stretched receivables and other regulatory risk.

Going forward, ability of the company to manage receivables and payables at an optimum level while increasing the revenues and maintaining the credit risk profile shall remain the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:



- **Long experience of promoters:** Mr. Sanjay Kumar 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. He has been instrumental in the revenue growth of 51% (CAGR) for the company from FY16 to FY18. During the current year, the company has booked revenue of Rs 155.00 Crs on provisional basis and has orders of Rs 1186.44 Crs providing revenue visibility in medium term.
- **Comfortable Credit Risk Profile:** AICIPL's gearing stood comfortable at 0.24 times as on 31st March 2018. Its debt coverage metrics were also comfortable at 10.66x (ISCR) and 3.17x (DSCR) in FY18. Net profit margin of the company was 4.82% and the networth stood at Rs 20.69 Crs(FY18).
- **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. Also, the company recently got its cash credit limit reduced from Rs 3 Crs to Rs 2 Crs with one of the banks which indicates limited reliance on the bank funding and availability of internal accruals with the company to fund the business.

Credit Risks:

- **Stretched receivables and payable levels:** AICIPL's Gross Current Assets days stood high at 146 days in FY18. The company had receivables of Rs 67.31 Crs and trade payables of Rs 71.85 Crs as on 31st March 18. However, the company has submitted that such increase in receivables was a result of applicability of GST on its SIDCGL(Goa) project which was earlier exempted from Service tax. This change resulted in delays in the release of payments by SIDCGL. However, the receivables (absolute level) stands reduced at Rs 29.48 Crs as per the provisional figures for Sept 2018.
- **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

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 **Annu Infra Construct India 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

Incorporated in 2003, Annu Infra Construct India Pvt. Ltd.(AICIPL) was formed to provide high quality Telecom Construction turnkey project execution for leading Indian telecom companies and laying sewer pipe lines by mechanized process for government departments & other Infrastructure companies. 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.

Company Financial Performance

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Parameters		FY 2018(A)	FY 2017(A)
Total Operating Income	Rs in Cr	120.69	117.21
OPBDIT	Rs in Cr	11.74	9.64
PAT	Rs in Cr	5.82	4.67
Tangible Net Worth	Rs in Cr	20.69	14.60
Total Debt/TNW	Times	0.24	0.41
Current Ratio	Times	1.06	1.12

Rating History for the last three years

Instrument /Facility	Current Rating 2019			Rating History		
	Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	,2018	2017	2016
Fund Based Cash Credit	Long Term	6.00	BWR BBB- (Pronounced as BWR Triple B Minus) Outlook: Stable	NA	NA	NA
Non Fund Based Bank Guarantee	Short Term	49.00	BWR A3+ (Pronounced as BWR A Three Plus)			
Total		55.00	₹ Fifty Five Crores Only			

Status of non-cooperation with previous CRA (if applicable)- As per advisory published dated 4 January 2019 India Ratings migrated Rating to issuer non cooperation.

Any other information

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- Service [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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