



Rating Rationale

23 March 2021

Annu Projects Private Limited (Erstwhile Annu Infra Construct Pvt Ltd)

Brickwork Ratings reaffirmed the ratings for the Bank Loan Facilities of ₹. 85 Crs. of Annu Projects Private Limited (Erstwhile Annu Infra Construct Pvt Ltd)

Particulars

Facility	Previous Amount (₹ Crs)	Present Amount (₹ Crs)	Tenure	Previous Rating (18 Dec 2019)	Rating*
Fund based (CC)	12.00	10.00	Long Term	BWR BBB-Stable	BWR BBB-Stable Reaffirmation
Non Fund Based (LC/BG)	73.00	75.00	Short Term	BWR A3+	BWR A3+ Reaffirmation
Total	85.00	85.00	INR Eighty Five Crores 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

Brickwork Ratings (BWR) has reaffirmed the rating of BWR BBB-(Stable)/A3+ assigned to the bank loan facilities of Annu Projects Private Limited (APPL).

The rating draws comfort from the long experience of the promoters, healthy order book, stable 11MFY21 performance, adequate liquidity and comfortable financial risk profile. The rating is however, constrained by the stagnant revenues, order book concentration and inherent risk associated with tender based business.

The outlook remains stable as APPL has reported stable performance in the current financial year 2021 and has a healthy order book of Rs 696 Crs as on 31.12.2020 which provides revenue visibility in short to medium term.

Description of Key Rating Drivers:

BWR has principally relied on audited financials upto FY20, projections for FY21 and FY22 and information/clarifications provided by the management.

Credit Strengths

- **Long experience of promoters:** Mr. Sanjay Kumar Sarraf, the key promoter of the company, holds over 50% stake and has an experience of around 20 years in executing infrastructure and telecom related projects and has gained thorough knowledge of the market.



- **Healthy order book position:** As on 31.12.2020, the entity has reported order book of Rs 696 Crs which provides revenue visibility for next two to three years. Further, order book to revenue ratio stood at a healthy level of 5.56x.
- **Comfortable credit risk profile:** APPL's financial risk profile is marked by comfortable gearing of 0.20 times as on 31st March 2020. During FY20, It reported improved debt coverage metrics also comfortable at interest service coverage ratio of 7.74x (FY19: 5.60x) and debt service coverage ratio of 2.01x (FY19: 2.94x). Further, it reported healthy operating profit margin and net profit margin of 11.03% and 5.51% respectively and the networth stood at Rs 29.13 Crs.

Credit Weaknesses

- **Stagnant revenues:** Through FY18 to FY20, APPL revenues has remained in the range of Rs 120 Crs to 125 Crs. During FY19, due to announcement of elections and imposition of model code of conduct and during FY20, due to announcement of Covid-19 induced restrictions in the month of March 2020, APPL has not been able to report improved revenues.
- **Order book concentration:** As per order book, 57% of the total order value i.e. Rs 399.90 Crs out of Rs 696 Crs is concentrated with two parties only.
- **Inherent challenges to the tender business:** APPL's business is highly susceptible to changes in government regulations such as site clearances, payment settlement, delayed payments etc. Further, the company is exposed to risks related to tender based business, seasonality in operations, labour related issues, site clearance and geographical issues etc. All such factors may result in time and cost over run of the projects of the company.

Liquidity Position: Adequate

During the last 10 months ending January 2021 month wise fund based limit utilization is around 54.20%. Unutilized credit limits provide cushion against any financial exigencies. During FY20, the entity generated sufficient cash accruals of Rs 11.04 Crs against current portion of long term debt (CPLTD) of Rs 3.59 Crs and during FY21 cash accruals are also expected to be sufficient to meet fixed repayment obligations. As on 31.03.2020, the current ratio stood at 1.51x which is sufficient to meet its short term debt obligations.

Rating Sensitivities

Positive: BWR may revise the ratings upward in the case there is substantial improvement in scale of operations and overall financial risk profile.

Negative: BWR may revise the rating downward in the case there is substantial decline in revenues, profitability and overall liquidity profile of the company.



Analytical Approach

BWR has factored in the standalone business parameters and financial risk profile of the company to arrive at the rating. BWR has applied its rating methodology as detailed in the rating criteria detailed below (hyperlinks provided at the end of this rationale).

About the Company

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. During FY-20, the company changed its name to Annu Projects Private Limited (APPL). APPL'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.

Company's Financial Performance

Key Parameters	Units	FY19	FY20
Result Type		Audited	Audited
Total Operating Income	Rs.Crs	121.46	124.71
OPBDIT	Rs.Crs	13.86	13.76
PAT	Rs.Crs	7.25	6.87
Tangible Net Worth	Rs.Crs	20.79	29.13
Debt to Equity	Times	0.62	0.20
Current Ratio	Times	1.28	1.51
ISCR	Times	5.60	7.74
DSCR	Times	2.94	2.01



Rating History for the last three years (Including Withdrawn/Suspended)

S. No	Name of Instrument	Current Rating (2021)			2020	2019	2018
		Tenure	Amount (Rs. Crs)	Rating			
					Rs. in crs.		
1	Bank Loan Facility	FB LT	10.00	BWR BBB-Stable (Reaffirmed)	-	BWR BBB-Stable (Reaffirmation) (18.12.2019)	-
		NFB LT	75.00	BWR A3+ (Reaffirmed)		BWR A3+ (Reaffirmation) (18.12.2019)	
						BWR BBB-Stable (03.04.2019)	-
						BWR A3+ (03.04.2019)	
Total			85.00		INR Eighty Five Crores Only		

Status of non-cooperation with previous CRA: NA

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](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

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ANNEXURE I

Details of Bank Facilities rated by BWR

Type of Facilities	Long Term (₹ Cr)	Short Term (₹ Cr)	Total (₹ Cr)
Cash Credit	10.00	-	10.00
BG/LC	-	75.00	75.00
TOTAL			85.00

INR Eighty Five Crores Only

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