



Rating Rationale

Anupam Nirman Private Limited

07-Mar-2019

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹ 106.00 Crores of Anupam Nirman Private Limited ('ANPL' or 'the Company').

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Jan, 2018)	Present
Fund based	20.00	24.00	Long Term	BWR BBB (Pronounced as BWR Triple B) (Outlook:Stable)	Reaffirmation at BWR BBB (Pronounced as BWR Triple B) (Outlook:Stable)
Non Fund Based	86.00	82.00	Short Term	BWR A3+ (Pronounced as BWR Single A Three Plus)	Reaffirmation at BWR A3+ (Pronounced as BWR Single A Three Plus)
Total	106.00	106.00	₹ One Hundred Six 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 at BBB (Outlook:Stable) / A3+

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results up to FY18 and projected financials upto FY21, publicly available information and information/clarification provided by the Company's management.

The rating inter alia, notes the promoters' experience in construction business for more than a decade and supported by the management team having expertise in civil engineering, improved financial performance in FY18 over previous year and 9MFY19, further it is supported by moderate work order in hand which provides revenue visibility for next two years and liquidity position of the Company. However, the rating is constrained by relatively moderate scale of operations, inherent cyclical nature and competitive environment with low entry barriers which may result in margin pressure and Cash flows vulnerable to delays in payments from clients which are largely government agencies or public sector undertakings. Going forward, the Company's ability to achieve projected & sustainable operating income while maintaining profitability margin and work order in hand while maintaining liquidity in the Company will be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

- **Established track record of promoters in civil construction industry :** The Company's promoters (Mr Anupam Sarma and Mr Anindya Sarma) are qualified Civil Engineers and have relevant experience for more than two decades in the civil construction and proven execution capability in the Road and Bridges for last five years.
- **Revenue visibility in terms of healthy orders in Hand :** The Company has witnessed growth of 24.45% in FY18, it is primarily due to higher project execution backed by a moderate work order in hand. On provisional basis, the Company has reported ₹ 162.52 Crs of operating income for 9MFY19 and work order in hand for ₹ 467 Crs. In addition to that, it has ~₹ 270 Crs of L1 order in hand. Further the Company is expecting some more orders in next couple of months which will further strengthen the revenue visibility for next two years.
- **Moderate debt levels and liquidity position of the Company :** Being in EPC business, the Company requires more non fund based borrowings. Moreover, since it has adopted asset based model, its long term borrowings includes those for equipments etc. However, its gearing ratio continues to be around 1.30 times for last three years. Further, its liquidity is supported by moderate net cash accruals, cash & cash equivalents and lien marked fixed deposits of ₹ 24.64 Crs of various government departments or as a collateral security for various credit facilities availed by the Company.

Credit Risks:

- **Moderate scale of operations :** Relatively its scale of operations continues to be moderate with annual turnover in the range of ₹ 112-165 Crs over the last three years. ANPL's ability to win larger projects may also be constrained by its modest net worth base and limited track record in large scale projects. However, the Company is exploring opportunities to scale up its operations and work order in hand.
- **High competitive intensity in the construction industry :** The Company is exposed to cyclical nature inherent in the construction industry and being in tender based business it is exposed to intense competition and its revenue and profitability is volatile. However, at this juncture partially it is offset by tender conversion rate at 70%.
- **High geographic concentration :** ANPL's revenues are concentrated to North east region which is dependent on central government support. However, it is partially offset by Central government's importance given to the North-East and investment policies are supporting to accelerate growth in the region.
- **Cash flows vulnerable to delays in payments from clients which are largely government agencies or public sector undertakings :** ANPL's clients are mainly government bodies and public sector entities and delays in release of payments and retention monies withheld by the clients can impact the cash flows 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 **Anupam Nirman Private Limited** 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

In 1999 ANPL was constituted as proprietorship in the name of Anupam Sharma. Subsequently in October 2009, it was reconstituted as private limited company in the name of Anupam Nirman Private Limited (ANPL). The Company is into civil construction works such as construction of roads, bridges etc. The Company also undertakes projects through Joint Venture with other recognized contractor firms/companies. The Company is located in Guwahati, Assam and presently, the operations are confined to Assam.

ANPL is a registered contractor with Public Works Department (Assam & West Bengal), National Highway Works, Assam, National Building Construction Corporation (NBCC), National Projects Construction Corporation Limited (NPCC) North East Frontier Railways. The company is a category I contractor for all the respective departments in the PWD of Assam and West Bengal which include PWD (Roads), PWD (Building), PWD (NH Works), PWD (NEC Works). The Company has adequate fleet of construction equipment such as Crusher, Hydraulic Cranes, Excavators, Loaders, Dozers, Paver Finishers, Air Compressor and transportation equipment.

Company Financial Performance

The Company has reported an operating income increase from ₹ 132.71 Crs in FY17 to ₹ 165.16 Crs in FY18 resulting in 24.45 % increase over the previous year while PAT of ₹ 4.96 Crs in FY18 from ₹ 4.56 Crs in FY17.

Key Financial Indicators

Key Parameters	Units	2017 (A)	2018 (A)
Operating Revenue	₹ Crs	132.71	165.16
EBITDA	₹ Crs	21.18	26.19
PAT	₹ Crs	4.56	4.96
Tangible Net worth	₹ Crs	39.92	44.88
Total Debt/Tangible Net worth	Times	1.15	1.43
Current Ratio	Times	1.42	1.39

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2019)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	15-Jan-2018	09-Jan-2017	2016
1	Fund Based	Long Term	24.00	BWR BBB (Pronounced as BWR Triple B) (Outlook:Stable)	BWR BBB (Pronounced as BWR Triple B) (Outlook:Stable)	BWR BBB (Pronounced as BWR Triple B) (Outlook:Stable)	-
2	Non Fund Based	Short Term	82.00	BWR A3+ (Pronounced as BWR Single A Three Plus)	BWR A3+ (Pronounced as BWR Single A Three Plus)	BWR A3+ (Pronounced as BWR Single A Three Plus)	-
Total			106.00	₹ One Hundred Six Crores Only			

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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Anupam Nirman Pvt Ltd
Bank & Loan Wise Breakup
Annexure - 1

Name of the Facility	SBI	PNB Bank	Proposed Loan
Cash Credit	12.00	3.00	5.48
Construction Equipment	0.12	-	-
Corporate Loan	3.40	-	-
Long Term Total	15.52	3.00	5.48
Bank Guarantee (Performance)	39.00	15.00	-
Bank Guarantee (Financial)	28.00	-	-
Short Term Total	67.00	15.00	-

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.

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