



Rating Rationale

Anupam Nirman Pvt Ltd

15 Jan 2018

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of Rs. 106.00 Crs of Anupam Nirman Pvt Ltd ('ANPL' or the 'Company')

Particulars

Bank Facilities	Type of Facility	Tenure	Previous Limits (₹ Crs)^	Present Limits (Cr)^	Limits to be Rated(₹ Crs)^	Previous Rating	Present Rating^
CC	Fund Based	Long Term	19.54	15.00	15.00	BWR BBB (Outlook: Stable)	BWR BBB (Outlook: Stable) BWR Triple B Reaffirmed
TL	Fund Based	Long Term		5.00	5.00		
BG	Non Fund Based	Short Term	68.00	86.00	86.00	BWR A3+	BWR A3+ BWR A Three Plus Reaffirmed
Rated Amount				106.00	106.00	(One Hundred and Six Crores only)	

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

Rating Reaffirmed: BWR BBB for Long Term and BWR A3+ for Short Term

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financials of the Company up-to FY17, provisional financials of the company, projections up-to FY20 and publicly available information and information/clarifications provided by the management.

The rating has factored, inter alia, the long standing experience of the promoters in civil construction business, consistent improvement in top line, comfortable capital structure, healthy order book position and good track record of executing various Government projects. The vulnerability of the Company's profitability to fluctuation in raw materials prices is mitigated to large extent due to presence of price escalation clause in the contracts. The healthy unexecuted order book position of around Rs. 443 Crore (as on 30 Sep 2017) provides revenue visibility over



the medium term. Moreover, the Company has adequate manpower and fleet of construction equipment to support execution of on-going projects.

The rating is, however, constrained by relatively moderate scale of operations, high geographical concentration risk with major operations restricted to the States of Assam and West Bengal and intense competition in the civil construction industry. Going forward, the Company's ability to improve its scale of operations through geographical diversification, maintenance of comfortable capital structure and profitability, efficient working capital management, sustained order inflows and timely execution of work orders shall remain the key rating sensitivities.

Rating Outlook: Stable

BWR believes the Anupam Nirman Pvt Ltd's 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 margins show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and margins show lower than expected figures.

Key Rating drivers

Credit strengths

- **Experience of promoters:** The promoters of the Company have long experience in the Civil Construction Industry. Mr. Anupam Sharma is the managing directors of the Company.
- **Capital Gearing and Liquidity Position:** The Company has moderate capital structure of Debt and Equity and the ratio stood at 1.15x in FY17. The Current ratio of the Company stood at 1.42x in FY17.
- **Satisfactory Order Book Position:** As per the discussion with the management, the Company has an unexecuted order book of ~443.00 Crore as on 30th September 2017 which gives the Company sufficient revenue visibility in the near to medium term..

Credit Weaknesses

- **Geographical Concentration Risk:** The Company has high geographic concentration risk with major operation restricted to the State of Assam and West Bengal.
- **Risks of Tender Based Nature of Operation:** The Company is operating by tender based model mainly depends on orders from different Government Department. So bagging new order in competitive market is one of the major risks associated with the Company.



- **Project Execution Risk:** The Company also faces project execution risks in terms of time and cost over-run.
- **Fragmented Industry:** The Civil construction industry is highly fragmented resulting in stiff competition from other key players in the vicinity and profitability is vulnerable to fluctuations to bagging new orders and completes the project as per the agreement.

About the Company

Incorporated in October 2009, Anupam Nirman Private Limited (ANPL) is based out of Guwahati and engaged in civil construction works such as construction of roads, bridges etc. Earlier, the business was carried by Mr. Anupam Sharma, the promoter director of ANPL, as a proprietorship concern.

ANPL is a registered category I (A) 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.

Some of the past completed projects include construction of road from Dhumarkur to Sonafully, Borbhita to Bortary, Madhupur to Akhra under Pradhan Mantri Gram Sadak Yojana (PMGSY), general civil construction work including piling and internal plumbing system for the Mega Food Park Project at Tihu, District Nalbari, Assam etc. Besides, the Company also undertakes projects in Joint venture.

Financial Performance

As per the Audited financial FY17, the net profit of the Company has been decreased from ₹ 4.83 Crores in FY16 to ₹ 4.56 Crores in FY17. The Firm has reported Revenue of Rs. 132.38 Crores in FY17 against Rs. 112.77 Crores in FY16. Tangible net worth of the Firm has increased from ₹ 35.36 Crores in FY16 to ₹ 39.92 Crores in FY17 on account of retention of profit.

Rating History for the last three years:

Sl No	Instrument/ Facility	Current Rating (December, 2017)			Rating History		
		Type	Amount (Rs. Crore)	Rating	2016	2015	2014
1.	Cash Credit	Long Term	15.00	BWR BBB Outlook Stable Reaffirmed	BWR BBB Outlook Stable	NA	NA



2.	Term Loan	Long Term	5.00			NA	NA
3.	Bank Guarantee	Short Term	86.00	BWR A3+ Reaffirmed	BWR A3+	NA	NA
Total			Rs. 106.00 Crore (One Hundred and Six Crores only)				

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Hyperlink/Reference to applicable Criteria:

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

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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, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

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Anupam Nirman Pvt Ltd **Bank Facilities** **Annexure I**

Nature of Facility	SBI (₹ Cr)	PNB (₹ Cr)	Total (₹ Cr)
Fund Based	17.00	3.00	20.00
Cash Credit	12.00	3.00	15.00
Term Loan	5.00	0.00	5.00
Non-Fund Based	67.00	19.00	86.00
Bank Guarantee-Performance	39.00	09.00	48.00
Bank Guarantee-Financial	28.00	10.00	38.00
Total	84.00	22.00	106.00



Annexure II
Key Financial Indicators

	FY16(Audited)	FY17(Audited)
Net Sales/ Revenues (Rs. Cr)	112.77	132.38
EBIDTA (Rs. Cr)	16.68	21.20
PAT (Rs. Cr)	4.83	4.56
Tangible Networth (Rs. Cr)	35.36	39.92
Total Debt : TNW (Times)	1.20	1.15
Current Ratio (Times)	1.53	1.42