Rating Rationale

New India Roadways

16 October 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of New India Roadways.

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating*
Fund Based Proposed Cash Credit(CC)	**5.00**	**Long Term**	**BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable**
Non-Fund Based Bank Guarantee (B.G)	**45.00**	**Short Term**	**BWR A4 (Pronounced as BWR A Four)**
Total	**Rs. 50.00 Crores (INR Fifty Crores Only.)**		

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon audited financial results of New India Roadways up to FY 16, provisional financial for FY17, publicly available information & clarification/information provided by the firm.

The rating assigned to the bank facilities of New India Roadways positively factors extensive long experience of the promoters in the construction sector of the promoters and established track record of the company & the firm's status as a 'AA class' contractor with MCGM.

The ratings are however, constrained on account of its working capital intensive nature of operations, moderate scale of operation as compare to other players in the market and profitability is highly susceptible to volatile in raw material prices, highly competitive intensity due to the presence of a large number of players in the construction industry, Susceptibility of project undertaken to delay and regulatory risk & Risks inherent in partnership nature of business.

Going forward, the ability of the company to increase its scale of operations & improve its profitability along with efficient management of its working capital requirements in light of competitive nature of the industry, achievement of projected financial and adherence/maintain the condition of various financial covenants stipulated by financial institutes and timely payments of debts /interest will remain the key rating sensitivities.

Key Rating Drivers:

Credit Strengths

- The Promoters are experienced in construction sector for more than two decade.
- The firm's status as an 'AA class' contractor with MCGM.

Credit Weakness

- The Scale of operation continuous remains at moderate level.
- Sale declined in FY17.
- Highly competitive intensity due to the presence of a large number of players in the construction industry.
- Susceptibility of project undertaken to delay and regulatory risk.
- Customer concentration risk since major customer is Government.

Rating Outlook: Stable

BWR believes the New India Roadways 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

New India Roadways (NIR) was established as a proprietorship concern in 1980 and is converted into partnership firm from April 2013. NIR is involved in civil construction business with its projects concentrated in Mumbai. The main activities of NIR include building repairs, improvement of roads, water sewerage, drains & maintenance of gardens, etc. for Municipal Corporation of Greater Mumbai (MCGM). The firm is registered as an 'AA Class' contractor with the MCGM. The operations of the firm are managed by its partners Mr. Sharad Shah, Mr. Kunal Shah and Mr. Tushar Shah. NIR has its registered office in Mumbai.

Company Financial Performance

Company generated total operating income of ₹ 43.84 Crs. in FY17. Profit after tax of company stood at ₹ 1.32 Crs. in FY17 as compared to ₹ 1.93 Crs. in FY16.The tangible net worth of the firm stood at Rs. 30.03Crs. as on 31-3-2017.

	FY16(Audited)	FY17(Provisional)
Net Sales/Revenues (in Rs. Crores)	49.92	43.78
EBIDTA (in Rs. Crores)	7.81	9.50
PAT (in Rs. Crores)	1.93	1.32
Tangible Net worth (in Rs. Crores)	24.98	30.03
Total Debt : TNW (Times)	1.59	1.36
Current Ratio (Times)	4.03	3.93

Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	2016	2015	2014
1	**Proposed Cash Credit**	Long Term	**5.00**	**BWR BB-**	N.A	N.A	N.A
2	**Bank Guarantee (BG)**	Short Term	**45.00**	**BWR A4**	N.A	N.A	N.A
	Total		**Rs. 50.00 Crores (INR Fifty Crores Only)**				

Status of non-cooperation with previous CRA (if applicable): N.A

Any other information: N.A

Hyperlink/Reference to Applicable Criteria

- **General Criteria**
- **Approach to Financial Ratios**
- **Short Term Debt**
- **Infrastructure Sector**

For any other criteria obtain hyperlinks from website

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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 100cities.

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