

Rating Report

Brickwork Ratings assigns “BWR BBB-/A3” for existing Bank Loan Facilities amounting to Rs 46.00 Crores of Agrawal Infrabuild Private Limited.

Brickwork Ratings has assigned **Ratings¹** for the existing bank loan facilities of Rs 46.00 Crores (Rupees Forty Six Crores Only) of Agrawal Infrabuild Private Limited (“AIPL” or the “Company”) as follows:

Facility	Present (Limits) (₹ Crs)	Tenure	Rating
Cash Credit (Fund based)	5.00	Long Term	BWR BBB- (Pronounced BWR Triple B Minus) (Outlook: Stable)
Bank Guarantee (Non-Fund based)	41.00	Short Term	BWR A3 (Pronounced BWR A Three)
Total	46.00	INR Forty Six Crores Only	

BWR has essentially relied upon the audited financial results up to FY15, and projections upto FY18, publicly available information and information/clarifications provided by the company’s management.

The rating draws strength from the established track record of the Company, experienced management and successful track record of timely completion of projects. AIPL has a healthy order book position of Rs. 122.62 crs . However, the rating is constrained by moderate revenues and profitability, tender based orders which will limit margins available to the company and fragmented and competitive nature of industry

Background

AIPL was promoted as a partnership firm in the year 1997 and was later in 2006, incorporated as a Private Limited Company in the name of Agrawal Infrabuild Private Limited. The company is involved in the construction and maintenance of roads in Bilaspur, Chhattisgarh. AIPL is primarily implementing projects from PWD and PMGSY.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Management Profile

Mr. Bajrang Lal Agrawal, Mr. Pawan Kr. Agrawal, Mr. Rupesh Garg, Mr. Atulesh Agrawal and Mr. Ramavtar Agrawal are the directors of the Company . All the directors are well experienced and qualified.

Financial Performance:

Net sales has decreased to Rs. 50.24 Crs in FY15 from Rs. 50.76 Crs in FY14. Profit after tax (PAT) has increased to Rs 1.59 Crs in FY15 as against Rs 1.58 Crs in FY14. Net profit margin and operating profit margin of the company stood at 3.17% and 9.31% respectively. Tangible net worth of the company stood at Rs. 47.42 Crs as on FY15.

Credit Analysis:

- The company is managed by a qualified and experienced management team. The management team brings the required amount of experience and understanding of the business.
- Net worth is at moderate levels at Rs.47.42 crs as on FY15.
- Cash and cash equivalents is at a comfortable level of Rs.20.25 crs as on FY15.
- Operating profit margin is adequate at 9.31 % in FY15.
- Net sales has decreased to Rs. 50.24 Crs in FY15 from Rs. 50.76 Crs in FY14.
- Payable days are very high at 158 days as on FY15
- Risk of tender based contracts which will limit the revenues as well as profit margins.
- Infrastructure/Construction industry is characterized by high competition with presence of few established players and a large number of unorganized players which reduces the bargaining power with the customers.
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Rating Outlook:

The rating outlook is expected to be stable over the current year. Going forward, the ability of the company to increase the revenues and improve the margin levels ensure timely debt servicing and manage its liquidity would be the key rating sensitivities.

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ANNEXURE I: SNAPSHOT OF P & L STATEMENTS

Crores	FY13	FY14	FY15
Result Type	Audited	Audited	Audited
Total Operating Income	90.79	50.76	50.24
Raw Material Consumed	21.20	18.03	12.74
Change In Inventory (Increase)/Decrease	4.15	-6.33	6.31
Power and Fuel Expenses	7.01	6.55	4.96
Employee Cost	20.01	8.15	8.32
Manufacturing Expenses	32.10	20.16	12.31
Cost of Goods Sold	84.48	46.55	44.64
Selling, General and other Administrative expenses	0.85	0.70	0.92
Operating Expenses	85.33	47.25	45.56
OPBDIT	5.46	3.51	4.68
Depreciation/Amortization/Impairment	1.64	1.20	1.70
OPBIT	3.82	2.31	2.98
Interest and Finance Charges	0.70	0.86	1.06
OPBT	3.12	1.45	1.91
Non Operating Income(Expenses)	1.30	0.90	0.58
PBT	4.42	2.35	2.49
Extraordinary/Prior Period - Income(Expense)	-0.20	-0.03	-0.14
Provision for Taxes	1.35	0.74	0.76
PAT	2.87	1.58	1.59

ANNEXURE II: SNAPSHOT OF BALANCE SHEETS

Crores	31/03/2013	31/03/2014	31/03/2015
Result Type	Audited	Audited	Audited
LIABILITIES			
EQUITY AND RESERVES	36.33	37.91	47.42
Share capital	2.16	2.01	2.42
Reserves and Surplus	34.17	35.90	45.00
Non-current liabilities	5.42	13.23	0.75
Long-Term Borrowings	5.42	13.23	0.75
Current liabilities	14.74	7.03	5.03
Current Portion Of Long Term Debt	0.79	0.03	0.07
Trade Payables	12.00	6.92	4.11
Other Current Liabilities	1.66	0.07	0.62
Short-Term Provisions	0.29	0.00	0.22
Total Liabilities	56.49	58.16	53.20
ASSETS			
Non-current assets	33.07	30.93	24.64
Net Fixed assets	7.94	7.45	6.84
Non Current Investments	6.30	6.30	6.31
Deferred Tax Assets (Net)	0.25	0.29	0.53
Long Term Loans and Advances	18.57	16.83	10.26
Other Non Current Assets	0.01	0.05	0.71
Current assets	23.42	27.24	28.56
Inventories	3.19	9.52	3.22
Trade Receivables	0.39	1.61	1.54
Cash and Cash Equivalents	15.37	12.42	20.25
Short-Term Loans and Advances	1.94	1.16	1.03
Other Current Assets	2.52	2.52	2.52
Total Assets	56.49	58.16	53.20

ANNEXURE III: KEY FINANCIALS INDICATORS

PARAMETER	UOM	FY13	FY14	FY15
		Audited	Audited	Audited
Long Term Borrowings	Crores	5.42	13.23	0.75
Current Portion of Long Term Debt	Crores	0.79	0.03	0.07
Total Debt	Crores	6.21	13.26	0.82
Total Debt (Analyzed)	Crores	3.61	6.73	0.69
Tangible Net Worth	Crores	36.33	37.91	47.42
Tangible Net Worth (Analyzed)	Crores	39.04	44.44	47.80
Capital Employed	Crores	42.29	50.88	47.71
Total Debt/TNW	Times	0.17	0.35	0.02
Total Debt/TNW(Analyzed)	Times	0.09	0.15	0.01
Long Term Debt/TNW	Times	0.15	0.35	0.02
TOL/TNW	Times	0.41	0.19	0.11
ISCR	Times	7.84	4.08	4.39
DSCR	Times	7.48	2.21	3.97
DSCR(Analyzed)	Times	7.48	0.58	3.21
Net Cash Accruals/Total Debt	Times	0.70	0.21	3.73
Net Cash Accruals/Long Term Debt	Times	0.81	0.21	4.10
Net Cash Accruals/Long Term Debt(Analyzed)	Times	1.61	0.41	8.20
Net Profit Margin	%	3.16	3.12	3.17
Operating Profit Margin	%	6.01	6.92	9.31
ROCE	%	9.03	4.95	6.04
Current Ratio	Times	1.59	3.88	5.68
Days Receivables	Days	2	7	11
Days Inventory	Days	14	50	52
Days Payable	Days	207	192	158
Conversion Cycle	Days	-191	-135	-94