NSPR CONSTRUCIONS INDIA PRIVATE LIMITED

April 01, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating[1]	Rating Action
Long term Bank Facilities	8.50	**CARE BBB; Stable; ISSUER NOT COOPERATING* (Triple B; Outlook: Stable; ISSUER NOT COOPERATING*)**	Issuer not cooperating; Based on best available information
Long-term/Short-term Bank Facilities	41.50	**CARE BBB; Stable/ CARE A3+; ISSUER NOT COOPERATING* (Triple B; Outlook: Stable/A Three Plus; ISSUER NOT COOPERATING*)**	Issuer not cooperating; Based on best available information
Total	**50.00 (Rs. Fifty crore only)**		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from NSPR Constructions (India) Private Limited (NSPR) to monitor the ratings vide e-mail communications dated 5th December 2018, 11th December 2018, 8th January 2019, 18th January 2019, 22nd February 2019, 15th March 2019 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on NSPR's bank facilities will now be denoted as **CARE BBB; Stable/CARE A3+; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.

Detailed description of the key rating drivers

At the time of last rating on March 05, 2018 the following were the rating strengths and weaknesses

Key Rating Strengths

Considerable experience of promoters in execution of road projects

The chairman of the company, Mr. N Siva Prakash Reddy, has over 15 years of experience in the roads sector. NSPR undertook BOT road projects under five SPVs with concession agreements issued by APRDC and executed projects as Engineering, Procurement and Construction (EPC) contractor in these road projects. The top management is guided and assisted by experienced team of professionals with considerable experience in construction industry.

Growth in order book position

NSPR's order book increased to Rs.743.76 crore as on February 28, 2019 from Rs. 544.35 crore as on December 31, 2017. Order book to TOI for FY18 was 3.30x; indicating healthy revenue visibility over the medium term.

Healthy growth in operating income

The total operating income of the company increased marginally by 7.45% from Rs. 211.07 crore during FY17 to Rs. 226.80 crore during FY18 on account of execution of orders.

Comfortable capital structure with healthy debt coverage indicators

The overall gearing of the company deteriorated marginally to 0.46x as on March 31, 2018 (0.34x as on March 31, 2017). Further, the total debt to GCA ratio also deteriorated marginally to 3.75x as on March 31, 2018 (3.40x as on March 31, 2017) on account of increase in total debt levels. The PBILDT interest coverage ratio of the company has also deteriorated to 6.24x during FY18 (7.01x during FY17) due to increase in interest expense during the year.

Comfortable liquidity position

The average collection period of the company is usually in between 70 to 80 days due to which, the operating cycle of the company remains stable and elongated at 72 days during FY18 (68 days during FY17).

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications*

**Issuer did not cooperate; Based on best available information*

Key Rating Weaknesses

Moderate profitability margins

The PBILDT margin of the company although improved by 153 bps from 5.92% during FY17 to 7.45% during FY18 is still moderate. In line with the PBILDT margin, the PAT margin also improved by 87 bps from 3.00% during FY17 to 3.87% during FY18.

Geographically concentrated order book

The current order book of the company is concentrated over Andhra Pradesh (46%) and Chhattisgarh (26%). The satisfactory order book position provides visibility of revenues in short term to medium term, however the same bears the risk with all the orders being geographic concentrated.

Exposure to volatility in input prices

Concrete, Bitumen, steel, diesel and cement are the major inputs for any construction entity, the prices of which are volatile. Thus, the profitability is exposed to fluctuation in input prices given the fixed price nature of contracts executed by NSPR.

Tender-based revenue operations in intensely competitive civil construction industry

NSPR receives all of its work orders from government departments constituting 100% of its order book position. All these are tender-based and the revenues are dependent on the company's ability to bid successfully for these tenders. Profitability margins depend on the competitive nature of the industry and it is under pressure.

Analytical approach: Standalone

Applicable Criteria

Policy in respect of Non-cooperation by issuer
Criteria on assigning Outlook to Credit Ratings
CARE's Policy on Default Recognition
Criteria for Short term Instruments
Rating Methodology - Infrastructure Sector Ratings

About the Company

NSPR Constructions (India) Private Limited [NSPR] started its operations in 1995 as a proprietorship concern promoted by the present chairman of the company, Mr. N Shiva Prakash Reddy. NSPR was converted into partnership firm in 2005 and undertook road contract works. From a modest turnover in 2005, the firm grew in size and the firm was eventually incorporated as a private limited company in the year 2009. NSPR undertakes construction of roads and bridges for the Governments of Andhra Pradesh (AP), Madhya Pradesh and Chhattisgarh.

NSPR has undertaken five build-operate-transfer (annuity) projects under four special-purpose vehicles (SPVs) namely NSP Variegate PP Road Projects Private Limited, NSP BVSR KP Road Projects Private Limited,NSP Variegate RG Road Projects Private Limited, NSPR KP Road Projects Private Limited ,NSPR KP Two Road Projects Private Limited which have concession agreements with Andhra Pradesh Road Development Corporation (APRDC). All the road projects stated above are annuity based and are operational.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	211.07	226.80
PBILDT	12.50	16.89
PAT	6.33	8.77
Overall gearing (times)	0.34	0.46
Interest coverage (times)	7.01	6.24

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: *CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:
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Disclaimer
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In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure-1: Details of Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Working Capital Limits	-	-	-	8.50	CARE BBB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - LT/ ST-Bank Guarantees	-	-	-	41.50	CARE BBB; Stable / CARE A3+; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

**Issuer did not cooperate; Based on best available information*

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Working Capital Limits	LT	8.50	CARE BBB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE BBB; Stable (05-Mar-18)	1)CARE BBB; Stable (22-Feb-17)	1)CARE BBB- (13-Nov-15)
2.	Non-fund-based - LT/ ST-Bank Guarantees	LT/ST	41.50	CARE BBB; Stable / CARE A3+; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE BBB; Stable / CARE A3+ (05-Mar-18)	1)CARE BBB; Stable / CARE A3+ (22-Feb-17)	1)CARE BBB- / CARE A3 (13-Nov-15)

**Issuer did not cooperate; Based on best available information*

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