NOVEMBER 13, 2015

CARE REAFFIRMS THE RATINGS ASSIGNED TO BANK FACILITIES OF NSPR CONSTRUCTIONS INDIA PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long term Bank Facilities	8.50 (Enhanced from 6)	CARE BBB- (Triple B Minus)	Reaffirmed
Long term/short term Bank facilities	41.50 (Enhanced from 14)	CARE BBB-/CARE A3 (Triple B Minus/A Three)	Reaffirmed
Total Facilities	**50 (Rupees fifty crore only)**		

Rating Rationale

The ratings assigned to the bank facilities of NSPR Constructions (India) Private Limited (NSPR) continues to derive strength from the considerable experience and track record of the promoters in executing road projects, medium-term revenue visibility backed by healthy order book position, improved profitability margins, regular financial support from group's road SPVs and promoters in the form of interest free Inter Corporate Deposits (ICDs) and unsecured loans, respectively.

The ratings are, however, constrained by the subdued financial performance during FY15 (refers to the period April 1 to March 31), moderate capital structure, elongated working capital cycle, geographic concentration of order book and intense competition in the civil construction space due to the fragmented industry structure coupled with tender-based contract awarding system followed by the Government departments which exerts pressure on profitability.

The ability of the company to execute the orders on hand within the time frame, gradually diversify its order book position, improve its profitability, receive payments in a timely manner from government departments and maintain a comfortable capital structure are the key rating sensitivities.

Background

NSPR started operations in 1990 as a proprietorship concern promoted by the present chairman of the company, Mr N Shiva Prakash Reddy. NSPR was converted into partnership firm in 2004 and undertook road contract works. From a modest beginning in 2004, the firm grew in size and the firm was converted into a private limited company in the year 2009. NSPR undertakes construction of roads and bridges for the Government of Andhra Pradesh (AP), Madhya Pradesh and Chhattisgarh.

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

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

In FY15, NSPR has reported a total income of Rs.72.40 crore (Rs.125.72 crore in FY14) and a PAT of Rs.3.89 crore (Rs.3.56 crore in FY14).

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

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating 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.

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