

## New India Roadways

Instrument	Amount	Ratings Action
Short-term non fund based facility	Rs. 36.00 Crore	[ICRA]A4; (Assigned)
Unallocated Amount	Rs. 14.00 Crore	[ICRA]A4; (Assigned)

ICRA has assigned short term rating of [ICRA]A4 (pronounced ICRA A four) to the Rs. 36.00 crore non fund based facility of New India Roadways (NIR or 'the firm'). ICRA has also assigned rating of [ICRA]A4 (pronounced ICRA four) to the Rs. 14.00 Crore unallocated amount.

The assigned ratings were constrained by high client and geographic concentration risks with 100% its orders originating from a single client - Municipal Corporation of Greater Mumbai (MCGM). The rating also takes into account NIR's moderate scale of operations limiting the bidding capacity of the firm; high competitive intensity due to the presence of a large number of players in the construction industry, with a competitive bidding process for awarding contracts. The ratings are also constrained by the high reliance on creditors for funding its working capital requirements, which has resulted in high TOL/TNW of 2.06 times as on March 31, 2016. Further, NIR is a proprietorship concern and significant withdrawals from the capital account could erode the net worth base and impact the capital structure.

The ratings however, take into account the long experience of the promoters in the construction sector; the firm's status as a 'AA class' contractor with MCGM, which helps it in meeting the technical criteria; and the firm's strong order book which provides revenue visibility for near term.

ICRA expects NIR's revenues to witness moderate growth given the orders in hand which are expected to be completed over next two fiscals. NIR's capital structure is likely to remain leveraged on account of working capital intensive nature of operations. Thus, the ability of firm to timely execute projects on hand and manage working capital effectively would remain important from credit perspective.

### 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.

### Recent Results:

NIR recorded a net profit of Rs. 7.76 Crore on an operating income of Rs. 109.35 Crore as per audited numbers of FY 2015 and a net profit of Rs. 3.03 cr on an operating income of Rs. 50.07 cr as per provisional numbers of FY 2016.

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