



Press Release

NRP Projects Private Limited

April 04, 2023

Ratings

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
1	Long Term Bank Facility – Term Loan	53.24	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	Reaffirmed	Simple
2	Long Term Fund Based Limits – SOD	90.00	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	Reaffirmed	Simple
3	Short Term Fund Based Limits – BG	150.00	IVR A3+ (IVR A Three Plus)	IVR A3+ (IVR A Three Plus)	Reaffirmed	Simple
	Total	293.24	Rs. Two Hundred Ninety - Three Crores & Twenty – Four Lakhs only			

Details of Facilities are in Annexure 1.

Detailed Rationale

Infomerics Valuation and Rating Private Limited (IVR) has reaffirmed long-term rating of IVR BBB with a Stable outlook for the bank loan facilities of NRP Projects Private Limited (PMPL).

The rating reaffirmation of NRP Projects Private Limited considers the comfort from Extensive experience of the promoters, demonstrated track record with proven project execution capability, Reputed clientele albeit customer concentration, Healthy order book position indicating a short to medium term revenue visibility, Sustained growth in scale of operation with satisfactory financial performance. However, these factors are offset by Tender driven nature of business and competitive industry, Susceptibility of operating margin to volatile input prices, Intense competition, elongated receivable period leading to working capital intensive nature of operations.



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IVR has principally relied on the standalone audited financial results of NPPL up to 31 March 2022, and projected financials for FY23, FY24 and FY25, and publicly available information/clarifications provided by the company's management.

Upward Factors

- Sustenance of growth in scale of operations with improvement in profitability
- Sustenance of the capital structure
- Improvement in cash conversion cycle

Downward Factors

- Any deterioration in liquidity profile
- Moderation in the capital structure with deterioration in overall gearing to more than 1x
- Further stretch in operating cycle

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Extensive experience of the promoters**

The promoters have extensive experience, spanning more than five decades, in the EPC segment with major focus in provides integrated design, detailed engineering, procurement, and construction and project management services for oil and gas industry. On the back of long presence of the promoters have developed good relationship with customers and suppliers.

- **Demonstrated track record with proven project execution capability**

NRPPL has a long track record of more than three decades in EPC segment. Over the years of its operation the company has gradually established its credentials and successfully executed many projects. In order to manage the projects in a better way and to grow in a balanced way, the company has a policy to take up short to medium term projects (18-24



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months) and handle limited number of projects at a time to ensure timely completion. The repeat orders received from its clientele validate its construction capabilities

- **Reputed clientele albeit customer concentration**

The company mainly caters to public sector companies in oil & gas industry and gets business through tender bidding. Its clientele includes wide base of Public Sector Unit Customers' such as Indian Oil Corporation Limited., Bharat Petroleum Corporation Limited., Hindustan Petroleum Corporation Limited., GAIL (India) Limited., etc. However, top five customers cater to more than 95% of its total operating income in FY22, indicating a concentrated customer profile. Though customers being reputed government companies impart comfort with low counterparty risk

- **Healthy order book position indicating a short to medium term revenue visibility**

The company has a total of Rs. 1049.33 crore of unexecuted order book which highlights the medium revenue visibility, Which is to be executed over next 2-3 years, indicating satisfactory near to medium-term revenue visibility.

- **Sustained growth in scale of operation with satisfactory financial performance**

NRPPL's scale of operation remained strong with a total operating income of Rs. 296.19 crore in FY22 and registered a CAGR of ~19.12% during FY20-FY22 with a y-o-y growth of about ~11.32% in FY22 mainly driven by increased order inflow and higher execution of orders. With increase in its total operating income the absolute EBIDTA of the company remained consistent at around Rs. 35.31 crore in FY22 as compared to Rs. 33.47 crore in FY21. The EBITDA margin of the company has been in the range of 11.92%-12.59% and decreased slightly from 12.59% in FY21 to 11.92% in FY22 due to higher operating costs. With decrease in EBITDA margin, the PAT margin of the company also decreased albeit marginally from 4.27% in FY21 to 4.21 in FY22.

Key Rating Weaknesses

- **Tender driven nature of business and competitive industry**

The company is mostly getting its orders through tenders floated by various oil and gas PSU's. As the infrastructure industry is highly fragmented due to presence of many organised and unorganised players tender driven nature of business leads to volatility in revenue and



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profitability. Further, being in infrastructure segment the company is exposed to inherent risks associated in this industry like slowdown in new order inflows, risks of delays in execution, liquidated damages (LD) charges etc.

- **Susceptibility of operating margin to volatile input prices**

The Company's operating margins are susceptible to volatility in prices of raw materials, although the same risk has been mitigated to some extent with the presence of price escalation clause.

- **Intense competition**

The domestic infrastructure/construction sector is competitive due to presence of many established domestic players and various international players with varied statures & capabilities.

- **Elongated receivable period leading to working capital intensive nature of operations**

NRPPL's operations are working capital intensive marked by its elongated receivable period. Further, a large part of working capital also remained blocked in earnest money deposits, retention money and GST receivables from the government. Driven by elongated receivable period at 96 days, operating cycle of the company remained high at 194 days in FY22 due to high inventory days.

Analytical Approach: Standalone Approach

Applicable Criteria:

[Rating Methodology for Infrastructure Companies](#)

[Financial Ratios & Interpretation \(Non-financial Sector\)](#)

[Criteria of assigning rating outlook](#)

Liquidity – Adequate

The gross cash accruals stood comfortable Rs. 15.86 Cr. against a repayment obligation of Rs. 2.84 Cr in FY22. The company also has an adequate current ratio of 2.07 in FY22. Liquidity is expected to remain Adequate. The company is expected to generate cash accruals in the



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range of Rs. 19.26 crore to Rs. 25.47 crore in FY23-FY25 as against the repayment of around Rs. 12.00 crore indicating sufficient repaying capability. The average fund-based utilisation remained high at ~93.58% during the past 11 months ended December 2022.

About the Company

NRP Projects Private Limited based out of Chennai, Tamil Nadu and was originally established as a partnership firm in 1964 by Late. Nagin Bhai R. Patel and Mr. Jayantibhai R. Patel as an engineering construction enterprise in Bangalore, Karnataka. Later headquarter was shifted to Chennai in 1981. It was converted to private limited company in June 2010. They provide integrated design, detailed engineering, procurement, construction and project management services for oil and gas industry.

Financials (Standalone):

For the year ended*/As on	(Rs. crore)	
	31-03-2021	31-03-2022
	Audited	Audited
Total Operating Income	265.95	296.19
EBITDA	33.47	35.31
PAT	11.44	12.50
Total Debt	87.68	128.22
Adjusted Tangible Net worth	77.36	90.20
EBITDA Margin (%)	12.59	11.92
PAT Margin (%)	4.27	4.21
Adjusted Overall Gearing Ratio (x)	1.07	1.36

**Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: None

Any other information: Nil

Rating History for last three years:



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Sr. No .	Name of Instrument/ Facilities	Current Rating (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating Date(s) & Rating(s) assigned in 2023-24 (April 04, 2023)	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22 (February 01, 2022)	Date(s) & Rating(s) assigned in 2020-21 (February 03, 2021)
1	Fund Based – Term Loan	Long Term	53.24	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	-	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	IVR BBB/ Stable (IVR Triple B with Stable Outlook)
2	Fund Based - Overdraft	Long Term	90.00	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	-	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	IVR BBB/ Stable (IVR Triple B with Stable Outlook)
3	Non – Fund Based - BG	Short Term	150.00	IVR A3+ (IVR A Three Plus)	-	IVR A3+ (IVR A Three Plus)	IVR A3+ (IVR A Three Plus)

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI). Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating. Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment



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opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks. Infomerics has a pan India presence with Head Office in Delhi, branches 4 in major cities and representatives in several locations. For more information visit www.infomerics.com

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facility – Term Loan	-	-	FY26	53.24	IVR BBB/ Stable (IVR Triple B with Stable Outlook)
Long Term Fund Based Limits – SOD	-	-	-	90.00	IVR BBB/ Stable (IVR Triple B with Stable Outlook)
Short Term Fund Based Limits – BG	-	-	-	150.00	IVR A3+ (IVR A Three Plus)

Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details <https://www.infomerics.com/admin/prfiles/Lender-04-04-2023-NRP.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.