Press Release

Anvil Energy Private Limited (erstwhile Anvil Cables Private Limited)
December 11, 2024

Ratings

Instrument / Facility	**Amount (Rs. crore)**	**Current Ratings**	**Previous Ratings**	**Rating Action**	**Complexity Indicator**
Long Term Bank Facilities	90.47 (enhanced from 87.03) (includes proposed facility of 24.00)	IVR BBB+/ Stable (IVR triple B plus with Stable outlook)	IVR BBB+/ Negative (IVR triple B plus with Negative outlook)	Reaffirmed; long-term rating outlook revised from 'Negative' to 'Stable'	**Simple**
Short Term Bank Facilities	109.33 (reduced from 112.70) (includes proposed facility of 7.31)	IVR A2 (IVR A two)	IVR A2 (IVR A two)	Reaffirmed	**Simple**
Total	**199.80 (INR One hundred ninety nine crore and eighty lakh only)**				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has reaffirmed the ratings assigned to the bank facilities of Anvil Energy Private Limited (erstwhile Anvil Cables Private Limited) (AEPL) on the back of experienced promoters, improvement in topline and profit, moderate gearing and debt protection metrics, healthy order book position, reputed clientele, strategic location of the plant and a favorable outlook of Advance Metering Infrastructure (AMI), cable/conductors and wires in India. However, these rating strengths are partially offset by susceptibility of operating margin to fluctuations in input prices, intense competition and an elongated receivable cycle with moderate working capital intensity.

The long-term rating outlook is revised from 'Negative' to 'Stable' on the back stabilisation in operations underscored by a consistent increase in topline and profit over the past three years along with the company's ability to meet its FY24 (refers to period from April 1, 2023, to March 1, 2024) projected revenue and operating profit vis a vis projections. Also, the company will continue to benefit from its strong order book and a strong demand for cable and conductors, which will boost its topline and profit along with an experienced management.

Key Rating Sensitivities:

Upward Factors

- Continuous inflow of orders with improvement in scale of operations, profitability and cash accruals by securing repeated orders its existing set of customers through timely and successful completion of contracts on a sustained basis
- Improvement in the capital structure

Downward Factors

- Deterioration in overall gearing
- Moderation in the scale of operations and/or deterioration in profit margin impacting the liquidity and debt coverage indicators
- Further, elongation of operating cycle

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters**

Anvil Energy Private Limited (erstwhile Anvil Cables Private Limited) is promoted by Mr. Sunil Dalmia having more three decades of experience in the cable and conductor industry. The current directors of the company, Mr. Tushar Dalmia having more than 15 years of experience and Mrs. Renu Dalmia having more than 20 years of experience in the manufacturing of cables and conductors and have been instrumental in setting up the manufacturing facility at Jamshedpur and have diversified the business into other verticals and ventured into EPC projects with rural electrification, entered the smart grid sector with AMI (Advanced Metering Infrastructure) solution and now is heading for Supervisory Control and Data Acquisition (SCADA) projects for electricity which aims to monitor and control the distribution system in real time. They are actively involved in the day-to-day operations of the company. The promoter and directors are well supported by a team of experienced professionals.

- **Improvement in topline and profit**

TOI of the company increased by ~53% in FY24 to Rs.379.83 crore owing to increase in the revenues from the manufacturing on the back increasing demand for various cables, wires & conductors in the market, along with the execution of EPC/AMI orders. Consequently, EBITDA and PAT witnessed an increase of 69.28% and 24.88% y-o-y, respectively to Rs. 41.20 crore and Rs. 10.24 crore, respectively in FY24. Further, in H1FY25 the company reported revenues of Rs. 226.20 crore up 67.32% year over year, led by higher execution of projects. Consequently, EBITDA and PAT also increased by 79.16% and 80.71% y-o-y, respectively, to Rs. 23.38 crore and Rs. 7.59 crore respectively. Going forward a consistent increase in topline and profit will be a key rating factor.

- **Moderate gearing and debt protection metrics**

The total debt of the company stood at Rs. 137.15 crore as on March 31, 2024, up from Rs. 56.27 crore as on March 31, 2023, due to addition of loan from Rural Electrification Corporation (REC) of Rs. 65.48 crore for J&K smart metering project. As on March 31, 2024, adjusted net worth (adjusted for Rs. 1.71 crore of investment in related entities) was Rs.137.59 crore compared with adjusted networth (adjusted for Rs. 1.68 crore of investment in related entities) of Rs. 128.20 crore as on March 31, 2023. The overall gearing ratio moderated to 1.00x as on March 31, 2024, from 0.44x as on March 31, 2023, due to increase in bank borrowing partly offset by an increase in networth. Total indebtedness of the company remained moderate as reflected by TOL/TNW of 1.98x as on March 31, 2024 (1.48x as on March 31, 2023). The debt protection metrics of the company was comfortable with interest coverage ratio of 2.99 times and debt service coverage of 2.14 times in FY24, compared with interest coverage of 1.89 times and DSCR of 1.45 times in FY23 (refers to period from April 1, 2022, to March 1, 2023).

- **Healthy order book position**

As on October 1, 2024, the company has unexecuted order of Rs. 427.01 crore in manufacturing segment, which will be executed by September 2025 and unexecuted order of Rs. 877.19 pertaining to EPC/ AMI projects, which will be executed by March 2027. On a combined basis, the total unexecuted order book is Rs. 1304.2 crore which translates into

3.43 times of FY24 revenues. The current outstanding order book provides visibility regarding the future topline growth. Moreover, the company is L1 bidder in two projects with a combined total project vale of Rs. 351.44 crore and has substantial orders in pipeline. Thus, a sustained growth in order book, along with timely execution of the same will be a key rating factor going forward.

- **Reputed clientele**

The company's customer base consists of reputed Government companies and large private companies engaged in Electrification business as evident from the order book of the company. The repeat orders received from its clientele validate its capabilities. Though AEPL has low bargaining power with its customers, its clientele base has sound credit risk profile, which does reduce the counter party payment risk to a certain extent.

- **Strategic location of the plant**

The manufacturing facility of the company is located at Jamshedpur, Jharkhand, which is an industrially developing area as it is centrally located and very close to the heart of the industrial belt of Jharkhand. The site area is well developed and has all necessary infrastructure facilities. The principal raw materials - aluminium wire rod and aluminium ingot/scrap are readily available in the vicinity of Kolkata/Durgapur in the state of West Bengal or Bokaro Steel City /Jamshedpur in the state of Jharkhand. Further, being close to the neighbouring states of West Bengal, Chhattisgarh, Bihar & Orissa, it has easy access to larger market.

- **Favorable outlook of Advance Metering Infrastructure (AMI), cable/conductors and wires in India**

The outlook for cable/conductors and AMI is favourable on account growing orders in EPC and higher demand for power conductors are driven by capital expenditure (capex) incurred under various government schemes to boost T&D (transmission and distribution) under Rural Electrification Corporation, to increase electrification coverage in rural areas. Favourable industry scenario with higher investments envisaged in end-user industries over the medium term should continue to support business risk profile.

Key Rating Weaknesses

- **Susceptibility of operating margin to fluctuations in input prices**

AEPL's operating margin is susceptible to volatility in its input prices (mainly aluminium). Any upward movements in the prices of aluminium, the primary raw material used in the manufacture of cables and conductors can have an adverse effect on the profit margins. However, the risk is mitigated to a large extent due to largely back-to-back order policy of the company. Further, the company has escalation clause in most of its contracts.

- **Intense competition**

The industry is characterized by high fragmentation with a large number of unorganised players, constraining the pricing power of organised sector players. Apart from the unorganized sector, AEPL also faces competition from the organized sector players. Its growth is intertwined with the growth of the economy at large and is dependent on government finances. However, AEPL has enough scope to obtain new orders on account of Government's continuous focus on development of the industry

- **Elongated receivable cycle with moderate working capital intensity**

The receivable cycle of AEPL remained high, largely on account of elongated payment cycle from its clients and sizeable retention money in the EPC division. Clients for the manufacturing division receive credit of 60-90 days. However, at times payments are stretched further (mainly by government entities). For the EPC division, ~60% of the amount is received against supply. About 30% is against erection (which usually takes anywhere between 5-6 months or even more) and the balance 10% is on account of retention money which is released post completion. The operating cycle continued to remain high at 137 days in FY24 though the same improved from 187 days in FY23.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non-Financial Sector).

Criteria for assigning Rating outlook.

Policy on Default Recognition

Complexity Level of Rated Instruments/Facilities

Liquidity – Adequate

The liquidity of the company is expected to remain adequate in the near to medium term marked by sufficient accruals vis-à-vis its debt repayment obligations. However, the average working capital limit utilisation remained high at 92% during the past twelve months ended October 2024. Nevertheless, absence of any debt funded capex provides some comfort to the liquidity position.

About the Company

Anvil Energy Private Limited, formerly known as Anvil Cables Private Limited, was established in 2001 by the Dalmia family of Kolkata. The company specializes in manufacturing aluminum conductors and offers a comprehensive range of cables and conductors, with an installed production capacity of 29,000 MT annually. Its manufacturing facility is located in Jamshedpur, Jharkhand.

In addition to manufacturing, AEPL is actively involved in executing Engineering, Procurement, and Construction (EPC) projects, particularly for rural electrification. The company also engages in advanced metering infrastructure (AMI) projects, supporting the Government's Ujwal Discom Assurance Yojana (UDAY) initiative for smart metering. Furthermore, the company is expanding its footprint in Supervisory Control and Data Acquisition (SCADA) projects, aimed at real-time monitoring and management of electricity distribution systems.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	248.89	379.83
EBITDA	24.34	41.20
PAT	8.20	10.24
Total Debt	56.27	137.15
Adjusted Tangible Net Worth	128.20	137.59
EBITDA Margin (%)	9.78	10.85
PAT Margin (%)	3.27	2.68
Adjusted Overall Gearing Ratio (x)	0.44	1.00
Interest Coverage (x)	1.89	2.99

* *Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Type of Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years					
		Tenure	Amount outstanding (Rs. Crore)		Date(s) & Rating(s) assigned in 2023-24		Date(s) & Rating(s) assigned in 2022-23		Date(s) & Rating(s) assigned in 2021-22	
					Sep 29, 2023	June 1, 2023	July 8, 2022	April 15 2022	January 11, 2022	May 6, 2021
1.	Issuer Rating	-	-	-	-	Withdrawn	IVR BBB+[Is]/ Negative	IVR BBB+[Is] Rating Watch with Negative Implications	IVR BBB+[Is] Rating Watch with Negative Implications	IVR BBB+[Is] Rating Watch with Developing Implications
2.	GECL	Long Term	0.47	IVR BBB+/ Stable	IVR BBB+/ Negative	IVR BBB+/ Negative	IVR BBB+/ Negative	IVR BBB+ Rating Watch with Negative Implications	IVR BBB+ Rating Watch with Negative Implications	IVR BBB+ Rating Watch with Developing Implications
3.	Cash Credit	Long Term	90.00*	IVR BBB+/ Stable	IVR BBB+/ Negative	IVR BBB+/ Negative	IVR BBB+/ Negative	IVR BBB+ Rating Watch with Negative Implications	IVR BBB+ Rating Watch with Negative Implications	IVR BBB+ Rating Watch with Developing Implications
4.	CECL	-	-		-	-	-	IVR BBB+ Rating Watch with Negative Implications	IVR BBB+ Rating Watch with Negative Implications	IVR BBB+ Rating Watch with Developing Implications
5.	Stand by Line of Credit	-	-		-	-	-	IVR BBB+ Rating Watch with Negative Implications	IVR BBB+ Rating Watch with Negative Implications	IVR BBB+ Rating Watch with Developing Implications
6.	Proposed Stand by Line of Credit	-	-		-	IVR BBB+/ Negative	IVR BBB+/ Negative	-	-	-
7.	Derivative/ CEL	Short Term	0.02	IVR A2	IVR A2	IVR A2	IVR A2	IVR A2 Rating Watch with Negative Implications	IVR A2 Rating Watch with Negative Implications	IVR A2 Rating Watch with Developing

Sr. No.	Type of Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years					
		Tenure	Amount outstanding (Rs. Crore)		Date(s) & Rating(s) assigned in 2023-24		Date(s) & Rating(s) assigned in 2022-23		Date(s) & Rating(s) assigned in 2021-22	
					Sep 29, 2023	June 1, 2023	July 8, 2022	April 15 2022	January 11, 2022	May 6, 2021
										Implications
8.	Letter of Credit	Short Term	24.00	IVR A2	IVR A2	IVR A2	IVR A2	IVR A2 Rating Watch with Negative Implications	IVR A2 Rating Watch with Negative Implications	IVR A2 Rating Watch with Developing Implications
9.	Bank Guarantee	Short Term	85.31**	IVR A2	IVR A2	IVR A2	IVR A2	IVR A2 Rating Watch with Negative Implications	IVR A2 Rating Watch with Negative Implications	IVR A2 Rating Watch with Developing Implications

**includes proposed cash credit of Rs. 24.00 crore*
***includes proposed Bank Guarantee of Rs. 7.31 crore*

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

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Annexure 1: Instrument/Facility Details

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
GECL I	-	-	December 2024	0.34	IVR BBB+/ Stable
GECL II	-	-	January 2025	0.13	IVR BBB+/ Stable
Cash Credit I	-	-	-	28.00	IVR BBB+/ Stable
Cash Credit II	-	-	-	19.00	IVR BBB+/ Stable
Cash Credit III	-	-	-	7.00	IVR BBB+/ Stable
Cash Credit IV	-	-	-	9.00	IVR BBB+/ Stable
Cash Credit V	-	-	-	3.00	IVR BBB+/ Stable
Proposed Cash Credit	-	-	-	24.00	IVR BBB+/ Stable
Derivative/ CEL	-	-	-	0.02	IVR A2
Letter of Credit I	-	-	-	6.00	IVR A2
Letter of Credit II	-	-	-	6.00	IVR A2
Letter of Credit III	-	-	-	6.00	IVR A2
Letter of Credit IV	-	-	-	6.00	IVR A2
Bank Guarantee I	-	-	-	26.68	IVR A2
Bank Guarantee II	-	-	-	20.09	IVR A2
Bank Guarantee III	-	-	-	13.23	IVR A2
Bank Guarantee IV	-	-	-	18.00	IVR A2

Proposed Bank Guarantee	-	-	-	7.31	IVR A2

Annexure 2: Facility wise lender details:
https://www.infomerics.com/admin/prfiles/len-Anvil-Energy-dec24.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Name of the Security		**Detailed Explanation**
	Financial Covenant	
	i.	
	ii.	
	Non-financial Covenant	
	i.	
	ii.	

Annexure 4: List of companies considered for Combined analysis: 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.