

## RATING RATIONALE

23 Oct 2019

**AN Royal Engineering India Pvt. Ltd.**

### **Brickwork Ratings Revises the ratings for the Bank Loan Facilities of ₹.20.00 Crores of AN Royal Engineering India Pvt. Ltd.**

#### Particulars

Facility**	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (Sep, 2018)	Present
<b>Fund based</b>	4.00	5.00	Long Term	<b>BWR B/Stable</b>	<b>BWR B+/Stable</b>
<b>Non Fund Based</b>	5.69	15.00	Short Term	<b>BWR A4</b>	<b>BWR A4</b>
<b>Total</b>	9.69	20.00	INR Twenty Crores Only		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

\*\* Details of Bank facilities/NCD/Bonds/Commercial Paper is provided in Annexure-I&II

#### RATING ACTION / OUTLOOK

The rating action factors in an increase in revenue and profits. The ratings continue to experience of their promoters, above average financial profile and low gearing. However, the rating strengths are offset by their moderate scale of operations, customer concentration and dependency on tender based projects.

BWR believes that AN Royal Engineering India Pvt. Ltd.'s business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

#### KEY RATING DRIVERS

- **Credit Strengths:**

AN Royal Engineering India Pvt. Ltd. was incorporated in 2014 by Mr. Abdul Nissar, who is also the managing director of the company. Mr Abdul has an experience of over a decade in the same



line of business. There was a significant increase in the operating income of the company from Rs. 25.08 Crs to Rs. 60.45 Crs in FY19. PAT increased from Rs. 0.61 Crs to Rs. 2.62 Crs in FY19. The company's net worth in FY19 increased to Rs. 4.46 Crs bringing the gearing down to 0.87 times as they have minimal dependency on external debt.

- **Credit Risks:**

Since entire revenue is based on tenders, income depends on ability to bid successfully and on the number of tenders floated. This is reflected in the fact that the company's turnover has fluctuated in the past. The company faces a risk of order book concentration as their order book in FY19 caters to only one customer. The company also faces a geographical concentration risk as they currently operate only in the state of Karnataka.

### **ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA**

For arriving at its ratings, BWR has considered the standalone financials of AN Royal Engineering India Pvt. Ltd. and has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

### **RATING SENSITIVITIES**

#### **Positive:**

- Timely completion of projects
- Geographical diversification
- Increase in order values

#### **Negative:**

- Decline in revenue
- Increase gearing
- Delays in receivables and payables realization

### **LIQUIDITY POSITION**

Current ratio was moderate at 1.61 times as on March 31, 2019. Cash accruals were moderately low at Rs. 2.79 Crs increasing the net cash accruals/total debt ratio to 0.72 times in FY19 as compared to 0.19 times in FY18. Cash and cash equivalents were reported at Rs. 2.28 Crs in FY18 and Rs. 4.59 Crs in FY19.

### **COMPANY PROFILE**

AN Royal Engineering India Private Limited is an unlisted private limited company incorporated in 2014 by the promoter Mr. Abdur Nissar. The registered office of the company is at No. 255, 17th Cross HSR Layout, 6th Sector, Bangalore, Bangalore, Karnataka. The company has 2 directors namely Mr. Abdul Nissar and Ms. Anjum Ara. Mr. Abdul Nissar takes care of day to day operations of the company. The company is engaged in replacement of LT Overhead line by LT Aerial Bunched Cable under RC for two years on partial turnkey basis in east circle & North circle of BESCO.

**KEY FINANCIAL INDICATORS (in ₹ Cr)**

Key Parameters	Units	FY19	FY18
Result Type		Audited	Audited
Operating Revenue	₹ Cr	60.45	23.61
EBITDA	₹ Cr	4.24	1.07
PAT	₹ Cr	2.62	0.61
Tangible Net worth	₹ Cr	4.46	1.83
Total Debt/Tangible Net worth	Times	0.87	2.05
Current Ratio	Times	1.61	1.22

**NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY : NA**

**RATING HISTORY**

Instrument / Facilities	Current Rating (2019)			Rating History	
	Tenure	Amount (₹ Cr)	Rating	30.09.19	28.09.18
Fund Based	Long Term	5.00	BWR B+/Stable	Rating Not Reviewed	BWR B/Stable
Non Fund Based	Short Term	15.00	BWR A4		BWR A4
Total		20.00	INR Twenty Crores Only		

**COMPLEXITY LEVELS OF THE INSTRUMENTS**

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

**Hyperlink/Reference to applicable Criteria**

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AN Royal Engineering India Pvt. Ltd.

### ANNEXURE I

#### Details of Bank Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term (₹ Cr)	Short Term (₹ Cr)	Total (₹ Cr)
	Canara Bank	Overdraft	5.00	0.00	5.00
		Bank Guarantee	0.00	15.00	15.00
<b>TOTAL</b>					20.00

**Total Rupees Twenty Crores only.**

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