



Rating Rationale

AN Royal Engineering India Pvt. Ltd.

28 Sep 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹ 9.69 Crores of AN Royal Engineering India Pvt. Ltd. (The Company)

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based Overdraft	4.00	Long Term	BWR B (Pronounced as BWR Single B) (Outlook : Stable)
Non Fund Based Bank Guarantee	5.69	Short Term	BWR A4 (Pronounced as BWR A Four)
Total	9.69	INR Nine Crores and Sixty Nine Lakhs Only	

**Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
The Company has not submitted audited financials of FY 18 even as on 27.9.2018*

Ratings: Assigned

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon audited financial results up to FY17, **provisional financials of FY18** and publicly available information and information/clarifications provided by the management.

The rating, inter alia, has factored in the managing director's experience, relationship with customers and suppliers, increasing revenue and satisfactory interest coverage indicator. However the rating is constrained by low net worth leading high gearing, small scale of operations, reduced margins, gap risk & customer concentration risk and working capital intensive nature of operations.

Going forward, the company's ability to efficiently manage its working capital requirements, improve profitability margins, service the debt obligations promptly and enhance its capital position are the key rating sensitivities.



Description of Key Rating Drivers

- **Credit Strengths:** Experience of the managing director is more than a decade, relationship with BESCO for more than 7 years and 4 years of relationship with suppliers, revenue is increased from Rs. 2.30 Crs in FY17 to Rs. 25.07 Crs in FY18 and the company has reported interest coverage ratio is @9.25x in FY18 however it was 2.50x in FY17. **(Based on Provisionals FY 18)**
- **Credit Risks:** Net worth is Rs. 1.91 Crs in FY18 & gearing is 1.97 times in FY18, operating profit margin and net profit margins are reduced to 0.54% & 0.01% respectively in FY18 against 12.35% & 3.66% in FY18 respectively, small scale of operations is evident from average revenue at Rs 12.08 Crs in the last 3 FYs, customer concentration risk since 100% of the business is done with BESCO. Gap risk is related to provisional and audited data of FY18. **(Based on Provisionals FY 18)**

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **AN Royal Engineering India Pvt. Ltd.** 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.

About the Company

AN Royal Engineering India Private Limited is an unlisted private limited company incorporated in 2014 by the promoter Mr. Abdul Nissar. The registered office of the company is at No. 255, 17th Cross HSR Layout, 6th Sector, Bangalore, Bangalore, Karnataka.

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. LT AB Cable & poles supplied by BESCO. Other LT AB Cable Accessories like Piercing Connectors, Suspension Clamp, Dead End Clamps including Pole clamps bolt nuts, universal Hooks, Eye Hooks, Jointing Kits, CPTAU Lugs, PVC Insulated wires, PVC Pipes, cross arms & GI wire, etc., are supplied by company, with execution of LT AB Cable laying & execution of poles with termination of service main to DB Boxes. In addition to the company also supplies the manpower to BESCO on need basis.

The company has 2 directors namely Mr. Abdul Nissar and Ms. Anjum Ara.



Mr. Abdul Nissar takes care of the day to day operations of the company.

Company Financial Performance

As per audited financials of FY17, Company has reported total operating income of ₹ 2.30 Crs as compared to ₹ 8.86 Crs in FY16 . Operating profit margin of the company is at 12.35% and net profit margin of 3.66% in FY17. The company has net worth of ₹ 1.22 Crs in FY17. Debt Equity ratio of the company stood at 3.40 times in FY17. The company has reported ISCR of 0.98x. As per provisional FY18 the company has reported the revenue of Rs. 25.07 Crs, Operating profit margin of the company is at 5.45% net profit margin is 2.73%, gearing of 1.97 times and reported ISCR is @ 9.25x.(Financials data of FY 18 is provisional).

Rating History for the last three years

Facility	Current Rating			Rating History		
	Type	Amount (₹ Crs)	Rating	2017	2016	2015
Fund Based	Long Term	4.00	BWR B (Pronounced as BWR Single B) (Outlook : Stable)	Not Rated		
Non Fund Based	Short Term	5.69	BWR A4 (Pronounced as BWR A Four)			
Total		9.69	₹ Nine Crores and Sixty Nine Lakhs Only			

Status of non-cooperation with previous CRA - Nil

Any other information : Nil

Key Financial Indicators

Key Parameters	Units	2018	2017	2016
Result Type		Provisional	Audited	Audited
Operating Revenue	₹ Cr	25.07	2.80	8.67
EBITDA	₹ Cr	1.37	0.35	0.61
PAT	₹ Cr	0.68	0.10	0.40
Tangible Net worth	₹ Cr	1.91	1.22	1.12
Total Debt/Tangible Net worth	Times	1.97	3.40	1.81
Current Ratio	Times	1.25	2.19	1.43

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

Analytical Contacts	Media
<i>Nagaraj KS</i> <i>Chief Manager - Ratings</i>	media@brickworkratings.com
analyst@brickworkratings.com	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.



Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 13,22,500 Cr. In addition, BWR has rated over 7000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹62,000 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.