



Rating Rationale

AR Rail Vikas Services Private Limited

10 Aug 2018

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 14.60 Crores of AR Rail Vikas Services Private Limited.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (July, 2017)	Present (Reaffirmation)
Fund based Cash Credit	1.10	1.10	Long Term	BWR BB (Pronounced as BWR Double B) Outlook: Stable	BWR BB (Pronounced as BWR Double B) Outlook: Stable
Non Fund Based	13.50	13.50	Short Term	BWR A4 (Pronounced as BWR A Four)	BWR A4 (Pronounced as BWR A Four)
Total	14.60	14.60	INR Fourteen Crores and Sixty Lakh Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Ratings: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has relied upon ARVSPL’s audited financial results up to FY17, provisional financials of FY18 and the information/clarifications provided by the Company.

The ratings, inter alia, factor experience of the promoters in the EPC industry, good revenue visibility in the near future and improved operating margins. The ratings, however, constrained by working capital intensive nature of business, nature of competition in the sector and modest scale of operation.

Description of Key Rating Drivers



- **Credit Strengths:**
 - Promoters experience of more than three decade and established track record of the company.
 - In house labor force consisting of 500 workers.
 - Orders worth Rs. 197 Crs to be executed in near term.
 - Better revenue visibility in near future.
 - Strong industry prospects on account of increasing rail networks in India.
 - Improvement in ratios in FY17:
 - D/E ratio improved to 0.36x from 0.54x in FY17.
 - Net profit margin improved to 4.20% from 3.32% in FY17.
 - EBITDA margins improved to 6.97% from 5.74% in FY17.
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- **Credit Risks:**
 - Increasing competition can force the company to bid at a lower price.
 - Relatively modest scale of operations limits the company to bid for bigger tenders.
 - The company has witnessed delays in payment from the government.
 - Working capital intensive nature of business, due to stretched Trade Receivables.
 - Poor liquidity marked by current ratio of 1.05x in FY17.

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 **AR Rail Vikas Services Private Limited** 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

Incorporated in 1986, A R Rail Vikas Services Private Limited (ARRVSPL) is involved in the business of signaling and telecommunication engineering. The company is having its head quarter at Mumbai and representative office at New Delhi and Lucknow. The company undertakes various signaling and telecommunication projects for the Indian Railways. ARRVSPL is managed by Mr. Rajpal Singh who has extensive industry experience.



Company Financial Performance

As per the audited financials of FY17, ARRVPPL achieved TOI of Rs. 29.90 Crores as compared to Rs. 26.69 Crores in FY16. ARRVPPL achieved EBIDTA margin of 6.97% in FY17 as compared to 5.74% in FY16, PAT margin of 4.20% in FY17 as compared to 3.32% in FY16. As per provisional financials provided by the company, **ARRVPPL has achieved TOI of Rs. 47.13 Crores**, EBIDTA of Rs. 3.50 Crores and PAT of Rs. 2.07 Crores.

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	FY 17	FY16	FY15
	Fund Based						
1.	Cash Credit	Long Term	1.10	BWR BB (Stable)	BWR BB (Stable)	BWR BB (Stable)	-
	Non Fund Based						
2.	Bank Guarantee	Short Term	13.50	BWR A4	BWR A4	BWR A4	-
	Total		14.60	₹ Fourteen Crores and Sixty Lakh Only			

Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	Rs. Crore	29.90	26.69
EBITDA	Rs. Crore	2.08	1.53
PAT	Rs. Crore	1.26	0.89
Tangible Net worth	Rs. Crore	10.44	9.18
Total Debt/Tangible Net worth	Times	0.36	0.54
Current Ratio	Times	1.05	1.21



Hyperlink/Reference to applicable Criteria

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

For any other criteria obtain hyperlinks from website

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For print and digital media

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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 ₹ 11,99,663 Cr. In addition, BWR has rated over 6819 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹48,803 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.