

Rating Rationale

Brickwork Ratings assigns BWR BB rating for long-term and BWR A4 for short term bank loan facilities of A.R. Rail Vikas Services Private Limited.

Brickwork Ratings assigns BWR BB **Rating¹** for long-term and BWR A4 for short term bank loan facilities of A.R. Rail Vikas Services Private Limited. (ARRVSPL or “the Company”).

| Facilities | Limits (₹ Cr) | Tenure | Rating |
|---|------------------|---|---|
| Fund Based: Cash Credit | 1.10 | Long Term | BWR BB [Pronounced BWR Double B] (Outlook – Stable) |
| Non Fund Based Bank Guarantee | 13.50 | Short Term | BWR A4 [Pronounced BWR A Four] |
| Total | 14.60 | (INR Fourteen Crore and Sixty Lakhs) | |

BWR has relied upon ARRVSPL’s audited financial results up to FY15, provisional figures up to Q3FY16, projected financials up to FY 17 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, comfortable capital structure 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.

Company Background and Management Profile

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.

Financial Performance

As per audited financials for FY15 provided by the company, ARRVSPL’s operating income stood at ₹27.03 Cr. with a PAT of ₹0.97 Cr. as against operating income of ₹ 24.25 Cr. with a PAT of ₹ 0.69 Cr. in FY 14 on account of improved order book position.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

As per provisional financials, the company has achieved revenue of ₹ 16.88 Cr. with a PAT of 0.74 Cr.

The Company's capital structure marked by debt equity ratio as on 31st March, 2015 is at 0.40 times. The Company's current ratio stands at 1.59 times; ISCR stands at 4.99 times for FY15.

Outlook

The outlook is Stable. The Company's ability to maintain turnover and margins despite of intense competition, achieving estimated revenues, managing working capital cycle will be key rating sensitivity factors.

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