



Rating Rationale

Algol Business Systems Pvt Ltd

30 Mar 2019

Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹. 2.75 Crores of Algol Business Systems Pvt Ltd.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Jun, 2018)	Present
Fund based	6.10	2.75	Long Term	Issuer did not Cooperate BWR BB- (Pronounced as BWR Double B Minus) Outlook:Stable	BWR BB (Pronounced as BWR Double B) Outlook:Stable Upgraded
Total	6.10	2.75	INR Two Crores Seventy Five Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Ratings: Upgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon audited financial results of FY18, and publicly available information and the information/clarifications provided by the company.

The present upgrade of the ratings has factored stable/ moderate growth in the financials of the company . It has also factored the established presence, management experience, profitability, moderate net worth, low gearing and moderate debt and interest coverage ratio. However, the rating is constrained by very low revenue.

Going forward, the ability of the company to enhance its scale operations with increased revenues, profit and profitability margins, to infuse own funds and manage working capital efficiently would be the key rating sensitivity.

Description of Key Rating Drivers



- **Credit Strengths:**

Established Presence: The company is operating since 1996 and hence has an established presence in the market.

Experience Management: Mr. Sandeep Arora has an experience of 2 decades in the line of business.

Profitability: The company has an operating profit margin of 21.12% in FY18 and a net profit margin of 15.05% in FY18

Net Worth: The company has a networth of ₹8.51 Crs in FY18

Gearing: The company has a gearing of 0.45 times in FY18

Interest and Debt Coverage: The interest and debt coverage ratios is at 3.54 times and 2.19 times respectively in FY18

- **Credit Risks:**

Current Ratio: The company reflects a stressed liquidity of 0.60 times in FY18

Total Operating Income: The company has generated a revenue of ₹8.10 Crs in FY18

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 **Algol Business Systems 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

Algol Business Systems Pvt Ltd., located in the district of Faridabad, Haryana was incorporated as a private limited company in the year 1996 for carrying out the activity as an intermediary to various Study Centers for Distance Education. Mr. Sandeep Arora and Mr. Sudershan Arora were the promoter Directors of the Company. After the retirement of Mr. Sundershan Arora, the management was joined by two new directors – Mr. Sajjan Singh and Mr. Navdeep Naseer. Mr. Sandeep Arora, along with other directors initially carried out as a franchise center for Brilliant's Computer Center. During 2004, they diversified their activities for liasioning between Study Centers and various Universities for Distance Education in the region. The Company primarily processes the applications, collected from different Study Centers which inturn are received from students towards various distance education courses to be held at various Universities, does a background check and other related functions. ABSPL processes approximately 50000 applications per annum.

Company Financial Performance

The company reported a total operating income of ₹ 8.10 Crs in FY18 and ₹ 8.32 Crs in FY17. Net profit was 15.05% in FY18 & 12.78% in FY17. Tangible Net Worth stood at ₹ 8.51 Crs as on 31st March 2018, while as on 31.3.2017 net worth was ₹ 7.30 Crs.

Rating History for the last three years

S.No	Facility	Current Rating (2019)			Rating History		
		Type	Amount (₹ Crs)	Rating	21.6.2018	28.3.2017	2016
1.	Fund Based	Long Term	2.75	BWR BB (Pronounced as BWR Double B) Outlook:Stable Upgraded	Issuer did not Cooperate BWR BB- (Pronounced as BWR Double B Minus) Outlook:Stable	Rating not Reviewed	Not Rated
Total			2.75	₹ Two Crores Seventy Five Lakhs Only			

The initial rating of BWR BB was assigned as on 31.3.2015

Status of non-cooperation with previous CRA- Not to our knowledge

Any other information- Nil

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Crs	8.10	8.32
EBITDA	₹ Crs	1.71	2.08
PAT	₹ Crs	1.22	1.06
Tangible Net worth	₹ Crs	8.51	7.30
Total Debt/Tangible Net worth	Times	0.45	0.66
Current Ratio	Times	0.60	0.52

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.

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