

Brickwork Ratings upgrades the long term rating and assigns short term ratings for the Bank Loan Facilities of ₹. 18.94 Crores of Ananya Engineering Pvt. Ltd.

Particulars

Facility**	Amount (₹ Cr)		Tenure	Previous Rating (January,2020)	Rating Recommended
	Previous	Present			
Fund Based:					
Cash Credit - Sanctioned	9.50	9.50	Long Term	BWR B (Stable)	BWR B+ (Stable) (Upgraded)
ECLGS-1 -Sanctioned	-	1.81			
CECL- 2- Sanctioned	-	0.958			
FITL		0.59			
Non Fund Based:					
Bank Guarantee- Sanctioned	-	0.83	Short term	-	BWR A4
Bank Guarantee- Proposed		5.25			
Total	9.50	18.94	INR Eighteen Crores Ninety Four Lakhs Only		

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

RATING ACTION / OUTLOOK

Brickwork Ratings has upgraded the long term rating and assigned short term ratings as BWR B+(Stable)/A4 for the Bank Loan Facilities of ₹ 18.94 crores of Ananya Engineering Pvt. Ltd. availed from Bank of Maharashtra. BWR believes that Ananya Engineering 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.

Key Rating Drivers

BWR has essentially relied upon the audited financial statements of Ananya Engineering Pvt. Ltd. and of FY17,FY18,FY19, Provisionals of FY20 and publicly available information and



information / clarifications provided by the entity's management. The rating draws strength from extensive experience of promoters, revenue visibility, moderate debt protection, modest profitability. The rating is constrained to Geographical concentration of business, Risk related to Tender based business and Execution of projects, Small scale of operations, Stretched gearing, Below Average liquidity profile.

Going forward, the ability of the entity to achieve projected revenue & profitability margins and manage liquidity would be key rating sensitivities

Description of Key Rating Drivers

- **Credit Strengths:**

Extensive experience of the promoters:

The promoters have an experience of over a decade in the same industry.

Revenue visibility:

Orders in hand amounting to Rs. 89.90 Cr , providing revenue visibility. The company has orders of Rs. 89.90 + Rs. 45.00crs =134.90crs in hand to be completed before April 2021. Against which the revenues projected are towards conservative side at Rs. 53.79crs and hence achievable.

Moderate debt protection metrics:

Moderate debt protection metrics with improvement in FY20 with the ISCR and DSCR standing at standing 2.82x and 2.04x respectively as against 2.67x and 1.52x respectively in FY19 as compared to 1.68x and 1.22x in FY18.

Modest profitability:

Modest profitability with the NPM and OPM standing at 3.22% and 10.27% in FY20 as compared to 2.97% and 9.10% respectively in FY19 and 3.19% and 6.84% respectively in FY18.

- **Credit Risks:**

Geographical concentration of business:

Geographical concentration of business with the majority of the business revenue coming from Bhopal.

Risk related to Tender based business and Execution of projects

Tender based Business carries Element of Uncertainty in getting/awarding of Contracts & carries Potential Risk in timely implementation of various contracts. However with proven track record, the company has managed to get various government contracts and timely completion.

**Small scale of operations:**

Small scale of operations with the TOI although increased to Rs. 39.10crs in FY20 as compared to Rs 25.22 Cr in FY19 as against to Rs 26.67 Cr in FY18. The revenue booked till September 2020 are around Rs. 10crs as the construction started from August 2020.

Stretched gearing :

The gearing is stretched although there is a bit improvement in FY20 with the total debt/TNW and TOL/TNW standing at 4.79x and 5.94x. as compared to 5.52x and 8.11x respectively in FY19 as against 4.25x and 6.23x in FY18. Whereas, the analysed gearing stands at 2.60x in FY19.

Below Average liquidity profile :

Below average liquidity profile with the current ratio standing at 1.12x in FY20as compared to 1.16x in FY19 and 1.31x 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 Sensitivities

Going forward the company's ability to improve the scale of operations, improve and maintain profitability, the debt servicing capability & liquidity will be the key rating sensitivities.

Positive: The rating will be upgraded if the company is able to achieve significant growth in revenue and improvement in profitability backed by a favourable industry scenario.

Negative: The rating may be downgraded if there is lower than expected revenues affecting the profitability margins, coverage ratios, liquidity and gearing ratios adversely

About the Company

Ananya Engineering Pvt Ltd was incorporated in 2009 and is promoted by Raj Gupta, Gagan Gupta, Aabhas Gupta. AEPL undertakes construction and maintenance of railway tracks, bridges and platforms and buildings, roads, tunnels, ports, harbours, runways etc. AEPL's work includes building of complete constructions or parts thereof; civil engineering.

Liquidity Position: Stretched

The cash credit utilisation for last 6 months stand at 94.06% .The cash and cash equivalents stand at Rs. 2.02 crs in FY20 as compared to Rs. 1.21crs in FY19 as against Rs. 1.22crs in FY18 . The

current ratio stands at 1.20x in FY20 as compared to 1.19x in FY19 as against 1.31x in FY18. The Net Cash Accruals to Long term debt stand stagnant at 0.48x in FY20 as compared to 0.22x in FY19 as against 0.28x in FY18. ISCR and DSCR stand at 2.82x and 2.04x respectively as against 2.67x and 1.52x respectively in FY19 as compared to 1.68x and 1.22x in FY18.

KEY FINANCIAL INDICATORS (in ₹ Cr)

Key Parameters	Units	FY 19	FY18
Result Type		Audited	Audited
Total Operating Income	(in ₹ Cr)	25.22	26.67
EBITDA	(in ₹ Cr)	2.29	1.82
PAT	(in ₹ Cr)	0.75	0.85
Tangible Net Worth	(in ₹ Cr)	1.96	1.21
Tangible Net Worth (Analyzed)	(in ₹ Cr)	3.55	2.92
Total debt/ Tangible Net Worth	Times	5.52	4.25
Current ratio	Times	1.16	1.31

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]

Facilities	Current Rating			Rating History				
	Tenure	Amount (₹ Cr)	Rating	2019		2018	2017	
Fund Based	Long Term	12.86	BWR B+ (Stable) (Upgraded)	Long Term	14.52	BWR BB (Stable)	-	-
Non Fund Based	Short term	6.08	BWR A4	-	-	-	-	-
Total		18.94	INR Eighteen Crores Ninety Four Lakhs Only					

Status of non-cooperation with previous CRA (if applicable)- NA

Hyperlink/Reference to applicable Criteria

- **General Criteria**
- **Approach to Financial Ratios**
- **Short Term Debt**

Analytical Contacts	Media
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Ananya Engineering Pvt. Ltd.

Annexure-I

Name of the Bank	Facility	Tenure	Amount (₹ Crores)
Bank of Maharashtra Gautam Nagar, Bhopal	Cash Credit - Sanctioned	Long Term	9.50
	ECLGS-1 -Sanctioned		1.81
	CECL- 2- Sanctioned		0.958
	FITL		0.59
	Bank Guarantee- Sanctioned	Short Term	0.83
	Bank Guarantee- Proposed		5.25
Total	INR Eighteen Crores Ninety Four Lakhs Only		18.94



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