



Rating Rationale

Aravinda Electricals

2 Mar 2018

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹25.00 Crores of Aravinda Electricals.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Apr 2015)	Present
Fund based	5.00	8.00	Long Term	BWR BB- (BWR Double B Minus) Outlook: Stable	BWR BB- (BWR Double B Minus) Outlook: Stable Reaffirmed
Non Fund Based	5.00	17.00	Short Term	BWR A4	BWR A4 (BWR A Four) Reaffirmed
Total	10.00	25.00	INR Twenty Five Crores 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 essentially relied upon audited financial upto FY17, Projected financials upto FY20 and information/ clarifications given by firm's management.

The rating draws strength from long experience of one of the partner, increased revenue growth in FY17 and satisfactory interest coverage ratio. The rating however is constrained by low tangible net worth, high gearing ratio, reduced operating and net profit margins Non submission of "No default statement till Jan 2018" and competitive nature of industry.

Information risk on account of the firm not providing the mode and process of business with Government departments.



Going forward, ability of firm to improve its scale of operations by increasing revenue growth, reducing gearing ratio by infusing own funds, to manage working capital efficiently and prompt serving of debt obligation shall remain key sensitivities.

Description of Key Rating Drivers

Credit Strengths:

One of the Partners is having about 3 decades of experience, Interest Coverage Ratio is 6.52 times, Net Revenue is increased to ₹34.86 in FY17 from ₹18.02 Crs in FY16.

Credit Risks:

Operating Profit Margin decreased to 7.63% in FY17 from 10.46% in FY16, Net profit margin is reduced from 6.73% in FY16 to 6.09% in FY17. Networth stood at ₹2.33 Crs on 31st Mar 2017, Gearing Ratio is 3.87 times as at Mar 2017. No default statement (NDS) till Jan 2018 is not submitted.

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 **Aravinda Electricals** 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 Firm

M/s. Aravinda Electricals is a Partnership Firm registered with the Registrar of Firms in Karnataka. The Firm has 2 partners, Sri. B.M. Srinivas and Smt. P. Vijayalakshmi. Sri. B.M. Srinivas has been carrying on the Electrical Contract Business since 1985. The Firm's business includes Electrical works of various Government Departments, local bodies and Bescom etc., The firm has not provided the mode of business with Government departments like tender based etc. The works includes laying of cables, Electrical maintenance work, preventive maintenance work and shifting of utilities etc. The firm is not manufacturing / selling any product.

The firm has not provided the mode of business with Government departments.

Firm Financial Performance

The firm has Total Operating Revenue of ₹34.86 Crs and PAT of ₹2.12 Crs in FY17 against total operating revenue of ₹14.13 Crs and PAT of ₹1.21 Crs in FY16. Tangible Net Worth stood at ₹2.33 Crs on 31st Mar 2017 against ₹2.12 Crs on 31st Mar 2016. Further, the firm has reported Total Operating Revenue of ₹21.37 Crs and PAT of ₹1.10 Crs from 1st Apr 2017 to



31st Dec 2017. Other Operating Income has increased to ₹7.75 Crs in FY17 from ₹3.89 Crs in FY16, which is coming from Labour Charges Received.

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	30 Dec 2016	01 Apr 2015
1.	Fund Based	Long Term	8.00	BWR BB- Outlook Stable Reaffirmed	Not Rated	Not reviewed	BWR BB-
2.	Non Fund Based	Short term	17.00	BWR A4 Reaffirmed			BWR A4
	Total		25.00	₹ Twenty Five Crores Only			

Status of non cooperation with Previous CRA : Non Applicable

Any other information: Non Applicable

Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	In ₹ Crs	34.86	18.02
EBITDA	In ₹ Crs	2.66	1.88
PAT	In ₹ Crs	2.12	1.21
Tangible Net worth	In ₹ Crs	2.33	2.12
Total Debt/Tangible Net worth	Times	3.87	2.69
Current Ratio	Times	1.18	1.22



Hyperlink/Reference to applicable Criteria

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

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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, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

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.