



Rating Rationale

Aries Corporate Services Pvt Ltd

04-Jan-2018

Brickwork Ratings revises/reaffirms the ratings for the Bank Loan Facilities of ₹. 11.25 Crores of Aries Corporate Services Pvt Ltd.

Particulars

| Facility | Amount (₹ Crs) | | Tenure | Rating* | |
|----------------|----------------|--------------|---|---------------------------|---|
| | Previous | Present | | Previous (Dec, 2014) | Present |
| Fund Based | 6.25 | 6.25 | Long Term | BWR B+ Outlook: Stable | BWR BB- (BWR Double B Minus) Outlook Stable Upgraded |
| Non Fund Based | 5.00 | 5.00 | Short Term | BWR A4 | BWR A4 (BWR A Four) Reaffirmed |
| Total | 11.25 | 11.25 | INR Eleven Crores and Twenty Five Lakhs 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: Upgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating has factored the extensive experience of the key management, relationship with established customer, Diversified customer base, Low gearing ,adequate interest servicing capability, increased profit margins and high growth prospect of the manpower services industry.

The Ratings are, however, constrained by tender based and, highly labour intensive nature of business, low net worth, reduced revenue growth and susceptible to project completion risk.



Description of Key Rating Drivers

Credit Strengths:

Experience - Management personnel has more than a decade of experience -Relationship with established customer- Delhi Metro Corporation Limited (DMRC), Brakes India Limited (TVS Group), GESCOM and PSPCL etc. Diversified customer base which include both government bodies as well as private entities. gearing is 0.14 times in FY 17. Interest coverage is 13.54 times as at FY 17.

Credit Risks:

Tender based nature of business - which may lead to volatility in revenue. susceptible to project completion risk leads to time and cost escalation, Revenue is reduced from Rs 27.12 Crs in FY 16 to Rs 18 Crs 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 **Aries Corporate Services 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

Aries Corporate Services Private Limited was established in the year 2003 by taking over the running sole proprietorship business of his elder brother by the promoters Mr. Manoj Bharadwaj and Mrs. Alka Bharadwaj. The company has also appointed Mr. Mukesh Sharma as a new director in August 2014 for this company but he has no ownership rights. The company is involved into services rendered in the form of human resource, equipment and transportation, and other related services under one roof. The company is also into the business of execution of electrification projects in the state of Karnataka for Gulbarga Electricity Supply Company. Company has reportedly executed successfully projects for Punjab State Power Corporation Limited (PSPCL). The registered office is at Delhi and the corporate office is based in Gurgaon, Haryana.

Company Financial Performance

In FY17, company has achieved net sales of Rs 18.00 Crs against Rs 27.12 Crs in FY16. The operating profit margin stood at 8.33 percent and net profit margin at 3.94 percent for FY17. The company has debt equity of 0.14 times in FY17. The tangible net-worth stood at Rs 5.90 Crs for FY17.



Rating History for the last three years

| S.No | Instrument /Facility | Current Rating (2017) | | | Rating History | |
|------|-----------------------|-----------------------|----------------|---|---------------------|------------------|
| | | Type | Amount (₹ Crs) | Rating | 28, March 2017 | 2015 & 2016 |
| | Fund Based | Long Term | 6.25 | BWR BB- Outlook : Stable | Not Reviewed | Not Rated |
| | Non Fund Based | Short Term | 5.00 | BWR A4 | Not Reviewed | Not Rated |
| | Total | | 11.25 | INR Eleven Crores and Twenty Five Lakhs Only | | |

Key Financial Indicators

| Key Parameters | Units | 2017 | 2016 |
|-------------------------------|--------|---------|---------|
| Result Type | | Audited | Audited |
| Operating Revenue | Rs Crs | 18.00 | 27.12 |
| EBITDA | Rs Crs | 1.50 | 1.84 |
| PAT | Rs Crs | 0.71 | 0.96 |
| Tangible Net worth | Rs Crs | 5.90 | 2.64 |
| Total Debt/Tangible Net worth | Times | 0.14 | 1.82 |
| Current Ratio | Times | 1.44 | 1.46 |

Hyperlink/Reference to applicable Criteria

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



- **Short Term Debt**

| Analytical Contacts | Media |
|--|--|
| <i>Venkatesh</i> <i>CGM-Ratings</i> | media@brickworkratings.com |
| analyst@brickworkratings.com | Relationship Contact |
| | bd@brickworkratings.com |
| Phone: 1-860-425-2742 | |

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

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