



RATING RATIONALE

3 June 2020

ARNEJA CARRIERS PVT LTD

Brickwork Ratings downgrades the ratings for the Bank Loan Facilities of ₹. 7.11 Crores of Arneja Carriers Pvt Ltd

Particulars:

| Facility** | Amount (₹ Cr) | | Tenure | Rating* | |
|----------------------------------|---------------|-------------|--|--------------------------------------|-------------------------|
| | Previous | Present | | Previous (March 2020) | Present |
| Fund based Cent Trade OD | 5.00 | 2.47 | Long Term | BWR C+ Issuer Not Cooperating | BWR D Downgraded |
| CentMortgage Term Loan-1 | 4.64 | 1.83 | | | |
| Cent Mortgage Term Loan-2 | - | 2.02 | | | |
| FITL | - | 0.66 | | | |
| WCTL | - | 0.13 | | | |
| Total | 9.64 | 7.11 | INR Seven Crore and Eleven Lakhs Only | | |

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

** Details of Bank facilities is provided in Annexure-I



RATING ACTION / OUTLOOK

The Rating is BWR D on account of overdrawings in account(OD Account) for more than 30 days before COVID and confirmation of banker's feedback regarding the same and statement of accounts

BWR has essentially relied on Audited financials upto FY 19, provisionals upto 31st Oct 2019, projections upto FY 21, publicly available information and information/clarification provided by company's management.

Also the account was restructured on 23.08.2019

There is no outlook

KEY RATING DRIVERS

The rating factors inter-alia experience of promoters and, improved net profit margin from FY 18 to FY 19 although still negative . The ratings are constrained by high gearing, low coverage indicators, low net worth, negative profit margins, and low current ratio and downgrading the rating on lender confirmation and statement of accounts

Credit Strengths:

- Experience Of Promoters(The promoters have experience of over two decades
- Net Profit Margin has improved from -3.44% in FY 18 to -.1.05% in FY 19

Credit Risks:

- The gearing for FY 19 stands at 17.50 times in FY 19
- ISCR and DSCR for FY 19 stand at 1.12 times and 0.32 times respectively
- The Tangible Net Worth for FY 19 stands at Rs 0.87 Crs
- The NPM for FY19 stands at -1.05%
- The current ratio for FY 19 is low and stands at 0.52 times
- banker feedback of lender about excess overdrawng in account for more than 30 days and same is supported by the statement of account .



ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

The Rating is influenced by standalone financials. For arriving at Ratings, BWR has applied its rating methodology as detailed in rating criteria detailed below (Hyperlinks provided at end of this rationale)

RATING SENSITIVITIES

Going forward the ability of company to improve its liquidity, operating income, profit margins, reduce networth and improve gearing and timely servicing of debt repayments shall be key rating sensitivities

Positive: The rating would be upgraded if there is substantial improvement in scale of operations and Credit/Financial Risk Profile

Negative: The Rating would be downgraded if there is deterioration in Credit/Financial risk profile and scale of operations

LIQUIDITY POSITION: Poor.

Liquidity profile is poor characterized by insufficient cushion net cash accruals of ₹0.12 crs vis a vis debt repayment obligation of ₹2.54 crs as at FY19 and low cash balance of ₹0.31 crs as at FY19. Its working capital limits utilization is very high. Current Ratio is low at 0.52 times as at FY19

COMPANY PROFILE

Arneja Carriers Pvt Ltd is a Private Limited Company incorporated on 1st December 2001 at Indore, Madhya Pradesh. The Company provides road transportation services. Apart from this, the company operates a retail outlet for Bharat Petroleum. Mr. Surinder Singh Arneja and Mr. Surjeet Singh Arneja are the directors of the company with more than 20 years experience in the transportation/logistics business.

KEY FINANCIAL INDICATORS (in ₹ Cr)

| Key Parameters | Units | FY 19 | FY 18 |
|-------------------------------|--------------|----------------|----------------|
| Result Type | | Audited | Audited |
| Total Operating Income | Crores | 17.61 | 19.50 |
| EBITDA | Crores | 1.13 | 1.45 |
| PAT | Crores | -0.18 | -0.67 |
| Tangible Net Worth | Crores | 0.87 | 1.05 |
| Total Debt/Tangible Net Worth | Times | 17.50 | 15.58 |
| Current Ratio | Times | 0.52 | 0.59 |

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED-NA

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY -NA

RATING HISTORY (Rating History of last three years (Including withdrawn/suspended rating))

| Instrument / Facilities | Current Rating | | | Rating History | | |
|----------------------------------|--------------------------------|---------------|-------------------------|--------------------------------------|--|------------------|
| | Tenure (Long Term/ Short Term) | Amount (₹ Cr) | Rating | 31.03.2020 | 30.03.2019 | 2018 |
| Fund based Cent Trade OD | Long Term | 2.47 | BWR D Downgraded | BWR C+ Issuer Not Cooperating | BWR B-(Stable) Issuer Not Cooperating | Not Rated |
| Cent Mortgage Term Loan-1 | | 1.83 | | | | |
| Cent Mortgage Term Loan-2 | | 2.02 | | | | |
| FITL | | 0.66 | | | | |
| WCTL | | 0.13 | | | | |
| Total | | 7.11 | | | | |

RNR on 10 Aug 2018

Initial Rating of BWR B(Stable) on 9 May 2017 for BLR of Rs 9.64 Crs



COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

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Arneja Carriers Pvt Ltd

ANNEXURE I

Details of Bank Facilities rated by BWR

| Sl. No. | Name of the Bank | Type of Facilities | Long Term (₹ Cr) | Short Term (₹ Cr) | Total (₹ Cr) |
|--------------|-----------------------|---------------------------|------------------|-------------------|--------------|
| 1) | Central Bank Of India | Fund based Cent Trade OD | 2.47 | - | 2.47 |
| 2) | | CentMortgage Term Loan-1 | 1.83 | - | 1.83 |
| 3) | | Cent Mortgage Term Loan-2 | 2.02 | - | 2.02 |
| 4) | | FITL | 0.66 | - | 0.66 |
| 5) | | WCTL | 0.13 | - | 0.13 |
| TOTAL | | | | | 7.11 |

Total Rupees Seven Crores and Eleven Lakhs only.

ANNEXURE II

INSTRUMENT (NCD/Bonds/CP) DETAILS

| Instrument | Issue Date | Amount in Crs. | Coupon Rate | Maturity Date | ISIN Particulars |
|------------|------------|----------------|-------------|---------------|------------------|
| NA | NA | NA | NA | NA | NA |



ANNEXURE III

List of entities consolidated

| Name of Entity | % ownership | Extent of consolidation | Rationale for consolidation |
|----------------|-------------|-------------------------|-----------------------------|
| NA | NA | NA | NA |
| | | | |
| | | | |

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