



Rating Rationale

Atal Realtech Private Limited

24th November 2017

Brickwork Ratings Upgrades and Reaffirms the ratings for the Bank Loan Facilities of Rs14.90 Crores of Atal Realtech Private Limited

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
<u>Fund Based</u>					
Demand Cash Credit	7.00	10.00	Long Term	BWR BB - (Outlook:Stable) (Pronounced as BWR Double B Minus Outlook:Stable)	BWR BB (Outlook:Stable) (Pronounced as BWR Double B Outlook:Stable) upgraded
<u>Non Fund Based</u>					
Bank Guarantee	2.90	4.90	Short Term	BWR A4 (Pronounced as BWR A Four)	BWR A4 (Pronounced as BWR A Four) Reaffirmed
Letter of Credit	-	(4.90)	Short Term		
Total	9.90	14.90	(Rupees Fourteen Crores and Ninety Lakhs Only)		

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

Rating Upgrade:

Brickwork Ratings (BWR) has upgraded rating for Bank Loan Facilities of Rs. 14.9 Crores of Atal Realtech Private Limited ('ARPL' or 'the Company').

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results of the company up to FY17, projected financial of FY18 and publicly available information and information/clarifications provided by the management.

The rating continues to factor, inter-alias, the promoters experience in the industry for more than one decade, improvement in its scale of operation, Comfortable liquidity position and adequate coverage indicators . However, the ratings are constrained by high competition from other players in the market, thin profitability margin and low networth and tender based



operations risk and dependence on government contracts.. Going forward, To improve the scale of operations and profitability amidst intense competition, efficient management of operating cycle, ability of the company to achieve the projections submitted to BWR and infusion of capital would be key rating sensitivities.

Key Rating Drivers:

Credit Strengths:

- The promoters have more than 10 years of experience in the same line of business resulting in established customer base and procurement network as well as support from group companies.
- Substantial improvements in the scale of operations, likely increase in sales in current/ ensuing year. Revenue increased by 40.65 % in FY17
- ISCR and DSCR stand to 3.14x and 2.49x respectively, indicating adequate Debt and interest servicing parameters.
- Current Ratio of 1.47 x indicating the comfortable liquidity position of the company.
- Value of work to be done in FY17 is Rs. 63.24 crores approximately as per 'Work in Hand' list.

Credit Constrains:

- Intense competition in the industry.
- Thin Profitability Margin and Low network.
- Tender based operations risk and dependence on government contracts.

Analytical Approach:

Rating Criteria links are given in the end.

Rating Outlook: Stable

BWR believes the **Atal Realtech Private Limited's** 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 :

Atal Realtech Private Limited started as a building contractor undertaking works under Mr. Gopal Atal. Atal Realtech Private Limited was incorporated in the year 2012 for undertaking various construction activities. The company has recently registered itself as "Class AI" contractor with the public works department, Govt. Of Maharashtra. The company has completed residential projects, government projects in Nashik, Adgaon, Malegaon and Aurangabad.



Companies Financial Performance:

Revenue increased by 40.65 % to Rs. 41.95 cr in FY17 V/s Rs. 29.83 Cr in FY16. PAT increased by 9.62% to Rs. 1.52 cr in FY17 V/s Rs. 1.39 Cr. Networth increased by 78.19% to Rs. 6.87 cr in FY17 v/s Rs. 3.86 Cr in FY16 due to infusion of funds. Non current assets increased by 7.23% to Rs. 1.05 cr in FY17 v/s Rs. 0.98 cr in FY16.

Key Financial ratios:

Particular	FY 2015-16	FY2016-17
Net Sales (Rs Cr)	29.83	41.95
EBITDA (Rs Cr)	3.33	3.76
PAT (Rs Cr)	1.39	1.52
Tangible Net Worth (Analyzed) (Rs Cr)	3.86	6.87
Total Debt/TNW (Analyzed)	0.98X	0.63X
Current Ratio	1.32X	1.47X

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument/ Facility	Current Rating (Year 2017)		Rating History			
		Type (Long Term/Short Term)	Amt (Rs Crs)	Rating	May,2017	2016	2015
1	Demand Cash Credit	Long Term	10.00	BWR BB Outlook Stable) (Pronounced as BWR Double B Outlook Stable) upgraded	Rating Not Reviewed	BWR BB- Outlook Stable) (Pronounced as BWR Double B Minus Outlook Stable)	NA
2	Bank Guarantee	Short Term	4.90	BWR A4 (Pronounced as BWR A Four) Reaffirmed	Rating Not Reviewed	BWR A4 (Pronounced as BWR A Four)	NA
3	Letter of Credit		(4.90)				
Total			14.90	(Rupees Fourteen Crores and Ninety Lakhs Only)			



Status of non-cooperation with previous CRA - Not Applicable

Hyperlink/Reference	to	applicable	Criteria
<ul style="list-style-type: none"> • General Criteria • Approach to Financial Ratios 		<ul style="list-style-type: none"> • Infrastructure Sector • Short Term Debt 	

Analytical Contacts	Media				
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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 ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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.