



Rating Rationale

Parmanand Adwani

17 May 2019

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 15.50 Crores of Parmanand Adwani.

Particulars

Facility	Previous Amount (₹ Crs)	Present Amount Rated (₹ Crs)	Tenure	BWR Rating History (06 Feb 2017)	Present Rating*
Fund Based Cash Credit	0.50	0.50	Long Term	BWR BB (Pronounced as BWR Double B) Outlook: Stable	BWR BB (Pronounced as BWR Double B) Outlook: Stable (Reaffirm)
Non-fund Based Bank Guarantee Bank Guarantee (Proposed)	12.50 -	12.50 2.50	Short Term	BWR A4+ (Pronounced as BWR Single A Four Plus)	BWR A4+ (Pronounced as BWR Single A Four Plus) (Reaffirm)
Total	13	15.50	INR Fifteen Crores Fifty 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: Reaffirmed

BWR has essentially relied upon the audited financial results of the Firm upto FY18, select data of FY19, publicly available information and information/clarifications provided by the management.

The rating draws strength from the extensive experience of management and moderate debt protection metrics. The rating, however, is constrained by the decline in revenue of the company and dependency on government orders.

Rationale/Description of Key Rating Drivers/Rating sensitivities:



Description of Key Rating Drivers

Credit Strengths:

Extensive experience of management: The firm is managed by well qualified partners Pradeep Kumar, Nidhi Rajpal, Rekha Tanwani, Chandra Prakash, Vishwanath Mariwala, Mayank Rajpal and Bhavya Rajpal. Mr. Pradeep Kumar is the key managerial person of the firm who looks after all the site work and overall management of the firm. He is a postgraduate and holds experience for more than 30 years in the industry.

Moderate debt protection metrics: The debt protection metrics of the firm is considered moderate with an ISCR of 1.97 times and an analysed ISCR of 6.37 times in FY18.

Credit Risks:

Decline in operating revenue: The total operating income of the firm has reduced from Rs. 63.16 Cr. in FY17 to Rs. 40.30 Cr. in FY18 due to delay in receiving orders from Indian Railways. However, the firm has achieved a turnover of Rs. 57 Cr. by 31-Mar-2019. Further, they will be working on completing orders amounting to Rs. 58.54 Cr. by September 2019.

Highly dependent on government orders: The operations of the firms are highly dependent on orders from Indian Railways. Change in government and govt. policies will affect the operations adversely.

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 **Parmanand Adwani** 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

M/s Parmanand Adwani, a partnership firm, was established in 1955, however the firm got registered in



the year 1982. The Firm has its registered office at Sindhu Nagar , U.P. The firm is a Railway Contractor and engaged in the construction of Building, Bridge, ballast supply, track work etc. The Firm procures tender from the Railway to Manufacture, Supply and Stack crushed stone blast, linking of Broad Gauge track etc. The firm is classified as Class-1A contractor and has executed various projects in the past and completed it with satisfactory remarks.

Company's Financial Performance

The total operating income of the firm has reduced from Rs. 63.16 Cr. in FY17 to Rs. 40.30 Cr. in FY18 due to delay in receiving orders from Indian Railways. The firm has achieved a turnover of Rs. 57 Cr. by 31-Mar-2019. The OPBDIT and PAT has also reduced from Rs. 3.28 Cr. and Rs. 3.38 cr. in FY17 to Rs. 2.17 Cr. and Rs. 2.01 Cr. in FY18, respectively. The tangible net worth stood moderate at Rs. 21.57 Cr. and ISCR and DSCR of 1.97 times and 2.21 times in FY18, respectively. The net profit margin at 4.98% and operating profit margin at 5.39% in FY18 are considered to be moderate. The liquidity position is stretched with a current ratio of 0.44 times in FY18.

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (May 2019)			Rating History		
		Type	Amount (₹ Crs)	Rating	2018	Feb, 2017	2016
1	Fund Based	Long Term	0.50	BWR BB (Pronounced as BWR Double B) Outlook: Stable (Reaffirm)	No Change	BWR BB (Pronounced as BWR Double B) Outlook: Stable	N/A
2	Non Fund Based	Short Term	15	BWR A4+ (Pronounced as BWR Single A Four Plus) (Reaffirm)		BWR A4+ (Pronounced as BWR Single A Four Plus)	
	Total		15.50	₹ Fifteen Crores Fifty Lakhs Only			

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	In Rs. Cr.	40.30	63.16
EBITDA	In Rs. Cr.	2.17	3.28
PAT	In Rs. Cr.	2.01	3.38
Tangible Net worth	In Rs. Cr.	21.57	21.59
Total Debt/Tangible Net worth	Times	0.12	0.18
Current Ratio	Times	0.44	0.72

Hyperlink/Reference to applicable Criteria

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