

RANJIT SINGH & COMPANY LLP

Brickwork Ratings reaffirmed long term ratings and assigned short term ratings for the bank loan Facilities of ₹ 34.00 Crores of Ranjit Singh & Company LLP (RSCL).

Particulars :

Facility/ Instrument**	Previous Amount(₹ Cr)	Present Amount (₹ Cr)	Tenure	Previous Rating (June, 2019)	Present Rating
<u>Fund based</u> Cash Credit Limit	4.00	4.00	Long Term	BWR BB- Stable (Assigned)	BWR BB- Stable Reaffirmed
<u>Non Fund Based</u> Bank Guarantee	40.00	30.00	Long Term	BWR BB- Stable (Assigned)	BWR BB- Stable Reaffirmed
<u>Non Fund Based</u> Letter of Credit	(5.00)#	Short Term	BWR A4 Assigned
Total	44.00	34.00	INR Thirty Four Crores Only		

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

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

Letter of Credit is sub limit of Bank Guarantee

RATING ACTION/OUTLOOK

BWR has reaffirmed the long term rating of BWR BB- Stable for Long term bank facilities and assigned short term ratings of BWR A4 of Ranjit Singh & Company LLP.



The ratings take into account the experienced promoters, and moderate financial risk profile. However the rating is constrained by the fall in revenues & increase in net losses and regulatory risk in project execution..

BWR believes that the business risk profile of RSCL will be maintained over the medium term. The rating outlook may be revised to positive if there is a significant improvement in firm profitability margins, along with their revenues. The rating outlook may be revised to 'Negative' if there is any deterioration in the revenues and financial risk profile of the firm.

KEY RATING DRIVERS

Credit Strengths:

1. **Experienced Promoters** : The three-decade-long experience of the partners, in executing high-voltage transmission projects, has helped them bid for tenders successfully. This has helped strengthen the scale of operations, though it remains partly constrained by delay in execution.
2. **Moderate Financial Risk Profile** : The firm has moderate financial risk profile with low gearing level (TD/TNW) of 0.00 times with TNW of Rs.27.09 crs along with moderate current ratio of 6.39 times in FY19 (Audited).

Credit Risks:

1. **Falling revenues and net losses** ; The operating income of the firm fell from Rs 18.80 Crs in FY18 to Rs 13.11 Crs in FY19 because of high dependence on a few projects which were either stalled or were completed during the year. Net losses increased to Rs 4.49 Crs in FY19 (Audited) on account of decline in revenues consistently.
2. **Regulatory Risk in project execution:** Exposure to regulatory risks such as land title clearance may lead to fluctuations in turnover as the firm is not able to execute the project under such circumstances.



Analytical Approach and Applicable Rating Criteria

For arriving at its ratings, BWR has considered the standalone approach for the Company. BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

Going forward, improvement in revenues, and profitability margins will be the key rating sensitivities.

Positive : The rating will be upgraded if the firm is able to make significant improvement in their revenues, profitability margins, and able to maintain their gearing level.

Negative : The rating will be downgraded if there is any deterioration in the financial Risk Profile of the firm including revenue.

LIQUIDITY POSITION : Adequate

The firm has nil associate concerns or subsidiary concerns. The firm has cash & bank balances of Rs 2.04 crores in FY19. Current ratio was 6.39 times in FY19 (Audited). Average working capital utilization for the last Six months period is 0.02% of limits. The firm has nil long term borrowings in FY19 (Audited). The firm ISCR at (0.84) times and Debt Service Coverage Ratio of (2.04) times as on March 31, 2019 (Audited). The firm has elongated conversion cycle of 445 days due to high days payables of 256 days and days receivables of 597 days in FY19 (Audited).

About the Firm

Ranjit Singh & company LLP, formerly known as Ranjit Singh & Co, was set up as a partnership firm of Mr Bhagwant Singh Gill, Mr Dhanwant Singh Gill, Mr Jagwant Singh Gill, Ms Jagjit Kaur, Ms Amarjit Kaur, and Ms Jannat Gill in 1974. The Mohali (Punjab)-based firm erects high-voltage power transmission lines. It was converted into a limited liability partnership in September 2016. The Managing Partners , Sh. Bhagwant Singh Gill & Sh. Jagwant Singh Gill, are both professionally qualified Engineers, and have been in the transmission line since the last 30 years. Sh. Dhanwant Singh Gill, who is also a managing partner has international experience in turnkey execution of power transmission lines & has worked with Power utilities in the Philippines & USA, since last 34 years.

Key Financial Indicators

Key Parameters	Units	FY19 (Audited)	FY18 (Audited)
Result Type			
Operating Revenue	₹ Cr	13.11	18.80
EBITDA	₹ Cr	(1.00)	0.52
PAT	₹ Cr	(4.49)	(2.17)
Tangible Net worth	₹ Cr	27.09	26.92
TD:TNW	Times	0.00	0.41
Current Ratio	Times	6.39	2.04

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED : NA

NON-COOPERATION WITH PREVIOUS RATING AGENCY, IF ANY : Crisil BB-/A4+ as on 23.12.2019 (Issuer Not Cooperating).

Rating History for the last three years (Including Withdrawal and Suspension)

S. No	Instrument /Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2019	2018	2017
1.	Fund Based Cash Credit Limit	Long Term	4.00	BWR BB-Stable Reaffirmed	BWR BB-Stable Assigned	NA	NA
2.	Non Fund Based Bank Guarantee	Long Term	30.00	BWR BB-Stable Reaffirmed	BWR BB-Stable Assigned	NA	NA
3.	Non Fund Based L.C Limit	Short Term	(5.00)	BWR A4 Assigned	NA	NA	NA
Total			34.00	Thirty Four Crores ₹ Only			

COMPLEXITY LEVELS OF THE INSTRUMENTS

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

Hyperlink/Reference to applicable Criteria

General Criteria

Approach to Financial Ratios

Trading Entities

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RANJIT SINGH & COMPANY LLP- ANNEXURE I

Details of Bank Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term/Short Term (₹ Cr)	Total (₹ Cr)
1	Punjab National Bank (Erstwhile Oriental Bank of Commerce)	<u>Fund Based</u> Cash Credit Limit	4.00	4.00
2.		<u>Non Fund Based</u> <u>Bank Guarantee</u> <u>L.C Limit</u>	30.00 (5.00)	30.00
TOTAL : INR Thirty Four Crores Only				34.00



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About Brickwork Ratings :Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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