

Rating Rationale

Satish Aggarwal & Co

15 May 2017

Brickwork Ratings reaffirms ratings for the Bank Loan Facilities of Satish Aggarwal & Co.

Particulars

Facility	Limit		Tenure	Rating Reaffirmed*
	Previous	Present		
Overdraft	2.00	2.00	Long Term	BWR B+ (Pronounced as Single B Plus) Outlook – Stable Reaffirmed
Term Loan(Proposed)	5.00	5.00		
Bank Gaurantee	3.00	3.00	Short Term	BWR A4 (Pronounced as Single A Four) Reaffirmed
Total	10.00	10.00	Rupees Ten Crore only	

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

Rating Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating draws support from experience of the partners, as government contracts, for civil construction and has factored in the adequate orders in hand, improved margins and moderate debt protection metrics during FY16. However, the rating is constrained by the firm's sole dependence on successful bidding for contracts through tenders floated by government departments, declining y-o-y revenues, and working capital intensive nature of the business.

Rating Outlook: Stable

BWR believes the **Satish Aggarwal & Co.'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.

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About the Firm

Satish Aggarwal & Co is engaged in executing contracts for road construction, and other civil contracts for various government organizations. Mr. Anil Agarwal and Mr. Sanjeev Agarwal are the partners of the firm and both are adequately experienced in their line of activity. The firm is in existence since 1985. The firm procures contracts on tender basis from various government departments/entities such as PWD, state development organizations, and local municipalities.

Company Financial Performance

Revenue has declined by 28% from Rs. 29.31 Cr in FY15 to Rs.21.35 Cr in FY16. PAT also declined to Rs. 0.48 Cr in FY16 from Rs.0.64 Cr in FY15. The firm has advised having achieved a turnover of about Rs. 22 Cr in FY17.

Rating History for the last three years: (including withdrawn/suspended ratings)

Sr. No.	Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	2016	2015	2014
1	Fund Based Overdraft	Long Term	2	BWR B+ (Pronounced as Single B Plus) Outlook - Stable (Reaffirmed)	B+	NA	
2	Proposed Term Loan		5				
3.	Non Fund Based -Bank Gaurantee	Short Term	3	BWR A4 (Pronounced as Single A Four (Reaffirmed)	A4	NA	
			Rs 10.00 Cr (Rupees Ten Crore Only.)				

Status of non-cooperation with previous CRA (if applicable): Reason and comments: NA

Any other information- NIL

Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website



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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.