



## RATING RATIONALE

10 Feb 2020

### Twenty Four Secure Services Pvt Ltd.

**Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 11.50 crores of Twenty Four Secure Services Pvt Ltd. ('TFSSPL' or the company)**

#### Particulars

Facilities	Previous Amount (₹ Crs)	Present Amount Rated (₹ Crs)	Tenure	BWR Rating History (Nov, 2018)	Rating**
Fund Based	10.00	10.00	Long Term	BWR BB+ <u>Stable</u> Assigned	BWR BB+ <u>Stable</u> Reaffirmed
Non-Fund Based	1.50	1.50	Short Term	BWR A4+ Assigned	BWR A4+ Reaffirmed
<b>Total</b>	<b>11.50</b>	<b>11.50</b>	<b>INR Eleven Crores and Fifty Lakhs Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

\*\* Details of Bank facilities/NCD/Bonds/Commercial Paper is provided in Annexure-I&II

#### RATING ACTION / OUTLOOK

BWR has reaffirmed the ratings of Twenty Four Secure Services Pvt Ltd to BWR BB+/A4+; with Stable: Outlook. The reaffirmation in the rating reflects stagnant topline, high dependence on availability of requisite manpower and intense competition faced from domestic and international security companies, and sizeable working capital requirement. However, the ratings derive strength from rich experience of the management, increasing business potential and well established relationship with reputed clients, and healthy financial risk profile.

The 'stable' outlook indicates a low likelihood of a rating change in the medium term. BWR expects that Twenty Four Secure Services will continue to benefit from the rich experience of the promoters and management..

## KEY RATING DRIVERS

### Credit risks

- **Stagnant topline:** After a decline in the revenue of INR 60.90 crores in FY 2018, it has become stagnant at INR 60.70 crores in FY 2019 which is due to non-renewal of contracts with some of the company's premium clients. But as per the information from the management, the company will see a two fold jump in the revenue in FY 2020 as it has already registered total revenue of INR 69.00 crores till January 2020 of the current financial year and is expected to close the year at the revenue of INR 125.00 crores approximately.
- **High dependence on availability of requisite manpower & intense competition faced from domestic & international security companies :** The company's services are totally dependent on the availability of requisite manpower. To meet the increasing need of manpower, the company keeps on recruiting on a regular basis. Hence, its ability to retain and recruit new manpower in a timely manner remains crucial. The company also faces intense competition from other domestic & international players operating in the similar line of operations.
- **Sizeable working capital requirement:** Gross current assets were high at 177 days in FY 2019 driven by substantial receivables of 107 days in FY 2019. Further with growing scale of operation, the incremental working capital requirements are also large necessitating higher reliance on external borrowings.

### Credit Strengths

- **Rich experience of management:** The management of the company has rich experience of over two decades in the business of providing private security service. The company's management consists of highly qualified personnels, so the company has an edge over other players in the industry.
- **Increasing business potential and well established relationship with reputed clients:** As the demand of man-guarding, private security, CCTVs, etc. are increasing day by day, so there is huge potential in this line of business. Institutions like malls, hospitals, hotels, schools, colleges and offices are spending highly on the security front which has given a big boost to private security business. Moreover, the company enjoys a well established and long standing relationship with a good number of premium clients.
- **Healthy financial risk profile:** The company's healthy financial risk profile marked by good profitability margins, low gearing levels, and comfortable debt protection metrics. OPM and NPM although declined but are good at 7.77% and 2.84% respectively in FY 2019. Furthermore, Total Debt/TNW, TOL/TNW, DSCR and ISCR were low and comfortable at 0.71x, 1.07x, 1.44x, and 2.84x respectively in FY 2019. It is expected that the present trend in the financial risk profile may continue in the medium term as well.



## **ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA**

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

### **RATING SENSITIVITIES**

Going forward, the ability of the company to tie-up with more high-end clients, improve and achieve the estimated revenue, maintain the financial risk profile on a healthier side and efficiently manage the working capital requirements will be the key rating sensitivities.

**Positive:** Any substantial increase in revenue, profitability and improvement in overall financial risk and liquidity profile.

**Negative:** Any steep decline in sales and profitability margins and degradation in the overall financial risk and stretch in liquidity profile.

### **LIQUIDITY POSITION: Stretched**

The liquidity position of the company is stretched driven by the modest cash and cash equivalents of INR 0.26 crores in FY 2019. The sanctioned fund-based working capital limit of INR 10.00 crores has been fully utilized which indicates tight liquidity position of the company. However, the current ratio and the quick ratio of 1.82x and 1.81x respectively in FY 2019 signify adequate liquidity position.

### **COMPANY'S PROFILE**

Twenty Four Secure Services Pvt Ltd, a wholly owned subsidiary of Twenty Four Ventures Group Limited (formerly known as Nihal Group Enterprises Ltd.) is a Gurugram-based entity which was incorporated in August 2007 and is currently being managed by Mr. Gaurav Katoch, Mr. Gautam Parti and Mr. Saleem Ahmed. The company is engaged in providing security services to companies, hospitals, hotels, malls, etc. The service includes security guarding, event management services and training to security guards. The company is part of Nihal Group which began its operations in 1999. The company is an ISO 9001:2008 certified service provider. It has presence through its 17 branches all over India, over 9000+ security guards are deployed across the country catering to 600 clients. The company has two associate concerns namely Twenty Four Systems Pvt Ltd and Pro Facilities Services Pvt Ltd engaged in security (Technology Equipment) services and facility management services.

**KEY FINANCIAL INDICATORS (in ₹ Cr)**

Key Parameters	Units	FY 19	FY 18
Result Type		Audited	Audited
Total Operating Revenue	₹ Crores	60.70	60.91
EBITDA	₹ Crores	4.72	5.47
PAT	₹ Crores	1.72	2.19
Tangible Net Worth	₹ Crores	16.69	14.97
TOL/TNW	Times	1.07	1.12
Current Ratio	Times	1.82	1.70

**KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: NA**

**NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY: CARE BB/A4 under Issuer Non-Cooperation as on 24 April 2019.**

**RATING HISTORY**

Facilities	Current Rating			Rating History		
	Tenure (Long Term/Short Term)	Amount (₹ Cr)	Rating	Nov, 2019	Nov, 2018	2017
Fund Based	Long Term	10.00	<b>BWR BB+ Stable</b> Reaffirmed	<b>Rating Not Reviewed</b>	<b>BWR BB+ Stable</b> Assigned	-
Non-Fund Based	Short Term	1.50	<b>BWR A4+</b> Reaffirmed		<b>BWR A4+</b> Assigned	-
<b>Total</b>		<b>11.50</b>	<b>INR Eleven Crores and Fifty Lakhs Only</b>			

**COMPLEXITY LEVELS OF THE INSTRUMENTS**

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

**Hyperlink/Reference to applicable Criteria**

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

Analytical Contacts	Investor and Media Relations
<p><b>Akshay Rastogi</b> Rating Analyst Board: +91 11 2341 2232 Ext: 109 <a href="mailto:akshay.r@brickworkratings.com">akshay.r@brickworkratings.com</a></p> <p><b>Satvinder Kumar Gakhar</b> Assoc. Director- Ratings Board: +91 11 2341 2232 <a href="mailto:satvinder.g@brickworkratings.com">satvinder.g@brickworkratings.com</a></p>	<p><b>Liena Thakur</b> Assistant Vice President - Corporate Communications +91 84339 94686 <a href="mailto:liena.t@brickworkratings.com">liena.t@brickworkratings.com</a></p>

**Twenty Four Secure Services 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.	Syndicate Bank	SODH	10.00	-	10.00
2.		Inland Bank Guarantee	-	1.50	1.50
<b>TOTAL</b>					<b>11.50</b>

**Total Rupees Eleven Crores and Fifty Lakhs Only.**



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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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