

Rating Report

Brickwork Ratings assigns 'BWR BB-/A4' ratings for the Bank Loan facilities aggregating to Rs. 9.90 crores of Atal Realtech Pvt Ltd.

Brickwork Ratings has assigned the following **Ratings**¹ for the Bank Loan facilities availed by Atal Realtech Pvt Ltd (*the Company*) from State Bank of India.

Facility (State Bank of India)	Sanctioned Limits (Rs. Crs)	Proposed Rating Limits (Rs. Crs)	Tenure	Ratings
Fund Based Limits Demand Cash Credit	5.00	7.00	Long Term	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable
Non-Fund Based Limits Bank Guarantee	2.00	2.90	Short Term	BWR A4 (Pronounced as BWR A Four)
Total Amount Rated	7.00	9.90	INR Nine Crores & Ninety Lakhs Only	

BWR has essentially relied upon audited financial' s of FY13, FY14 and FY15, projection of FY 16, and FY 17, publicly available information and information/clarification provided by the management.

The rating, inter alia, has factored that the company has applied for Class IA registration (unlimited) with public works department, Government of Maharashtra and have a very bright future in the contracting business segment with its promoters having 2 decades of experience in the said activity as well as support from group companies, future revenue visibility supported by modest order book position, comfortable debt protection metrics. However the rating is constrained by its relatively small scale of operation, stretched liquidity position of the company as reflected in the high utilization of its working capital facilities, tender based operations risks and dependence on government contracts, competition from both organized and unorganized players of the industry

Background:

Atal Realtech Private Limited was incorporated in the year 2012 for undertaking various construction activities for government, semi-government and private institutions. The company has successfully completed construction of sports hall "Decathlon" situated at Vilholi, Nashik as well as in Aurangabad. The company is in the process of execution of various construction projects for government, such as – construction of women hospital at buldana, construction of ashram schools and hostel buildings at bopegaon, pimperkhed, sahasrakund & ghatghar, construction of administrative building "Sinhagad" near golf club, Nashik.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Management:

The management is led by Mr. Vijaygopal Parasram Atal, Director qualified and has business experience of more than 2 decades. Mr. Vijaygopal Parasram Atal is equally supported by other qualified employees. The promoters have been in the construction industry for more than two decades.

Financial Performance:

The top-line of the Company has grown many-folds (from Rs. 0.60 crore in FY14 to Rs. 20.09 crores in FY15), indicating growth potential. As informed by management, the Company has achieved Rs. 18.2 crores during its first nine months in FY16. The operating profit margins stood at 9.24 percent in FY 15 .The Company has reported a net profit of Rs. 0.84 crore in FY15 as against a net profit of Rs. 0.11 crore in FY14. The ratio of TOL/ TNW of 4.49 and Current ratio of around 1.18 as on March15 indicates stretched financial /working capital cycle. The tangible net worth of the Company reported at Rs. 1.97 crores in FY15.

Rating Outlook:

The Rating outlook is expected to be stable in next one year. Going forward, the ability of company to increase its scale of operations by winning new tenders, while maintaining profitability, and timely execution of the order book will be the key rating sensitivities.

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Atal Realtech Pvt Ltd
Annexure 1: Profit & Loss Account

P&L Account	FY13	FY14	FY15
Result Type	Audited	Audited	Audited
Gross Sales	0.35	0.60	20.09
Net Sales	0.35	0.60	20.09
Total Operating Income	0.35	0.60	20.09
Raw Material Consumed	0.00	0.90	8.78
Change In Inventory (Increase)/Decrease	0.00	-1.72	0.97
Power and Fuel Expenses	0.00	0.00	0.06
Employee Cost	0.28	0.88	6.59
Manufacturing Expenses	0.00	0.16	1.08
Cost of Goods Sold	0.29	0.23	17.48
Selling, General and other Administrative expenses	0.03	0.18	0.75
Operating Expenses	0.32	0.40	18.23
OPBDIT	0.03	0.20	1.86
Depreciation/Amortization/Impairment	0.00	0.00	0.08
OPBIT	0.03	0.19	1.78
Interest and Finance Charges	0.00	0.03	0.58
OPBT	0.03	0.16	1.19
Non Operating Income(Expenses)	0.00	0.00	0.05
PBT	0.03	0.16	1.25
Provision for Taxes	0.01	0.05	0.40
PAT	0.02	0.11	0.84

Atal Realtech Pvt Ltd
Annexure 2: Balance Sheet

Balance Sheet	FY13	FY14	FY15
Result Type	Audited	Audited	Audited
Liabilities			
EQUITY AND RESERVES	0.03	0.70	1.97
Share capital	0.01	0.01	1.00
Reserves and Surplus	0.02	0.13	0.97
Non-current liabilities	0.00	0.02	0.33
Long-Term Borrowings	0.00	0.00	0.21
Deferred tax Liabilities (Net)	0.00	0.00	0.01
Other Long Term liabilities	0.00	0.01	0.11
Current liabilities	0.05	2.48	8.49
Short-Term Borrowings	0.00	1.37	6.69
Current Portion Of Long Term Debt	0.00	0.00	0.00
Trade Payables	0.00	0.24	1.40
Other Current Liabilities	0.05	0.82	0.19
Short-Term Provisions	0.00	0.05	0.22
Total Liabilities	0.08	3.20	10.79
ASSETS			
Non-current assets	0.01	0.06	0.79
Net Fixed assets	0.01	0.06	0.79
Other Non Current Assets	0.00	0.00	0.00
Current assets	0.08	3.14	10.00
Current Investments	0.00	0.00	0.00
Inventories	0.00	1.72	0.75
Trade Receivables < Six Months	0.06	0.06	5.49
Cash and Cash Equivalents	0.01	0.06	0.55
Short-Term Loans and Advances	0.00	1.30	3.21
Other Current Assets	0.00	0.00	0.00
Total Assets	0.08	3.20	10.79

Atal Realtech Pvt Ltd
Annexure 3: Ratio Analysis

Ratio Analysis	FY14	FY15
Result Type	Audited	Audited
Long Term Borrowings	0.00	0.21
Short Term Borrowings	1.37	6.69
CPLTD	0.00	0.00
Total Debt	1.37	6.90
Tangible Net Worth	0.70	1.97
Capital Employed	2.07	8.88
Total Debt/TNW	1.96	3.51
Long Term Debt/TNW	0.00	0.11
TOL/TNW	3.57	4.49
ISCR	5.89	3.17
DSCR	4.35	2.57
Net Profit Margin	17.96	4.17
Operating Profit Margin	32.95	9.24
ROCE	18.37	32.49
Current Ratio	1.26	1.18
Days Receivables	34	50
Days Inventory	1387	26
Days Payable	50	34
Conversion Cycle	1372	42