

Press Release

G. S. Atwal & Co. (Engineers) Private Limited

January 14, 2019



Rating Downgraded

Total Bank Facilities Rated*	Rs. 24.80 Cr.
Long Term Rating	ACUITE D (Downgraded from ACUITE B-)
Short Term Rating	ACUITE D (Downgraded from ACUITE A4)

* Refer Annexure for details

Rating Rationale

Acuité has downgraded the long term rating to '**ACUITE D**' (**read as ACUITE D**) from '**ACUITE B-**' (**read as ACUITE B minus**) and short term rating to '**ACUITE D**' (**read as ACUITE D**) from '**ACUITE A4**' (**read as ACUITE A four**) to the Rs.24.80 crore of bank facilities of G. S. Atwal & Co. (Engineers) Private Limited.

The downgrade reflects the continuous delays in repayment of long term debt obligations. The company has delayed on their payment obligations till December 2018.

GSAC was incorporated as a private limited company in 1967 under the directorship of Mr. Harminder Singh Atwal. The company executes mining, construction and solar power projects in Bihar, Jharkhand, Orissa and other states. The day-to-day operations are led by Mr. Harminder Singh Atwal and Mr. Govind Singh Atwal.

Analytical Approach:

Acuité has taken a standalone view of the business and financial risk profile of GSAC to arrive at the rating.

Key Rating Drivers:

Strengths

Experienced management

The promoters, Mr. Harminder Singh Atwal and Mr. Govind Singh Atwal have experience of more than five decades in the coal mining business and this long standing experience have enabled them to develop comfortable relationships with their key customers.

Weaknesses

Delays in servicing debt obligation

The rating reflects delays in servicing of debt obligations. The company has been delaying on their debt repayment obligations with current overdues for the month of November and December 2018.

Working capital intensive nature of operation

GSAC's operations are working capital intensive by nature as marked by Gross Current Asset (GCA) of 219 days in FY2018 as compared to 327 days in FY2018. This high GCA day is mainly on account of high other current asset of Rs. 27.47 crore in FY2018 as compared to Rs.32.21 crore in the previous year. The high other current asset of Rs. 27.47 crore consist of other loans and advances of Rs.18.48 crore, security deposit of Rs. 6.03 crore and advance tax of Rs. 2.97 crore.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	55.96	45.09	53.64
EBITDA	Rs. Cr.	6.38	7.38	7.70
PAT	Rs. Cr.	(1.07)	(2.93)	(5.79)
EBITDA Margin	(%)	11.41	16.38	14.35
PAT Margin	(%)	(1.92)	(6.51)	(10.79)
ROCE	(%)	10.89	8.33	(2.64)
Total Debt/Tangible Net Worth	Times	(5.18)	5.34	6.32
PBDIT/Interest	Times	2.07	1.66	1.95
Total Debt/PBDIT	Times	6.42	5.05	5.21
Gross Current Assets (Days)	Days	219	327	197

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Infrastructure Entities - <https://www.acuite.in/view-rating-criteria-14.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
02-Jan-2019	Cash Credit	Long Term	5.50	ACUITE B- (Indicative)
	Term Loan	Long Term	10.27	ACUITE B- (Indicative)
	Term Loan	Long Term	3.03	ACUITE B- (Indicative)
	Letter of Credit	Short Term	1.00	ACUITE A4 (Indicative)
	Bank Guarantee	Short Term	5.00	ACUITE A4 (Indicative)
29-Dec-2017	Cash Credit	Long Term	5.50	ACUITE B-/Stable (Upgrade)
	Term Loan	Long Term	10.27	ACUITE B-/Stable (Upgrade)
	Term Loan	Long Term	3.03	ACUITE B-/Stable (Upgrade)
	Letter of Credit	Short Term	1.00	ACUITE A4 (Reaffirmed)
	Bank Guarantee	Short Term	5.00	ACUITE A4 (Reaffirmed)
	Cash Credit	Long Term	5.50	ACUITE C (Assigned)

03-08-2016	Term Loan	Long Term	11.30	ACUITE C (Assigned)
	Letter of Guarantee	Short Term	3.00	ACUITE A4 (Assigned)
	Bank Guarantee	Short Term	5.00	ACUITE A4 (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.50	ACUITE D (Downgraded from ACUITE B-)
Term Loan	Not Applicable	Not Applicable	Not Applicable	10.27	ACUITE D (Downgraded from ACUITE B-)
Term Loan	Not Applicable	Not Applicable	Not Applicable	3.03	ACUITE D (Downgraded from ACUITE B-)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE D (Downgraded from ACUITE A4)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE D (Downgraded from ACUITE A4)

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About Acuité Ratings & Research:

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