

Press Release

A and A Infrastructure Private Limited

April 11, 2019



Rating Assigned

Total Bank Facilities Rated*	Rs. 5.88 Cr.
Long Term Rating	ACUITE B / Outlook: Stable
Short Term Rating	ACUITE A4

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B**' (**read as ACUITE B**) and short term rating of '**ACUITE A4**' (**read as ACUITE A four**) to the Rs. 5.88 crore bank facilities of A and A Infrastructure Private Limited (AAPL). The outlook is '**Stable**'.

Incorporated in 1996 by Mr. Anuj Kaistha, A & A Infrastructure Private Limited undertakes civil construction works related to industrial, hospital and commercial buildings in Gurgaon.

Analytical Approach

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

Key Rating Drivers

Strengths

- **Experienced management with a long track record of operations**

The company has a long operational track record of 22 years in the civil construction business. Mr. Anuj Kaistha, an engineer and MBA by profession possess experience of over two decades in the same line of business. Hence, the long track record and vast experience of management has helped the company to secure repeated orders and built a strong relationship with the clients.

Weaknesses

- **Modest scale of operations**

The revenues stand modest at Rs.17.56 crore as on 31 March, 2018, as against Rs.17.41 crore a year earlier. Further, the company has achieved revenues of Rs.15.54 crore till 30 November, 2019 (Provisional). The ability of the firm to improve its scale going forward will remain a key rating sensitivity.

- **Weak financial risk profile**

The company's financial risk profile is below average marked by low net worth, moderate gearing and healthy debt protection metrics. The net worth of the company stood at Rs.1.89 crore as on 31 March, 2018 as against Rs.0.55 crore in the previous year. On account of losses in FY 17 and FY16, the company's net worth got eroded. The gearing stood at 1.07 times as on 31 March, 2018 against 5.23 times in the previous year. Further, TOL/TNW stood high at 8.04 times in FY2018. Total debt of Rs.2.03 crore consists of Rs.0.93 crore of unsecured loans from Directors and relatives and working capital of Rs.1.10 crore. The debt protection metrics is healthy marked by interest coverage ratio (ICR) of 4.77 times in FY2018 and debt service coverage ratio (DSCR) of 4.74 times as on March 31, 2018.

Liquidity profile

Liquidity profile is moderate marked by net cash accruals of Rs.1.34 crore during FY18 in absence of long term debt obligation. The firm's operations are highly working capital intensive as marked by gross current asset (GCA) days of 299 in FY 2018 and the cash credit limit of the firm remains utilised at around 90 percent during the last three months ended February 2019. The current ratio of the firm stood

modest at 1.06 times as on March 31, 2018. Acuité believes that the liquidity of the group is likely to remain moderate over the medium term.

Outlook: Stable

Acuité believes the company will maintain a 'Stable' business risk profile over the medium term. The company will continue to benefit from experienced management and long execution track record. The outlook may be revised to 'Positive' in case the company registers growth in scale of operations while registering sustained improvement in profit margins and financial risk profile. The outlook may be revised to 'Negative' in case of deterioration in the company's scale of operations and profitability, or in case of deterioration of financial risk profile.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	17.56	17.41	10.48
EBITDA	Rs. Cr.	1.32	-2.15	-2.40
PAT	Rs. Cr.	1.22	-2.25	-2.98
EBITDA Margin	(%)	7.54	-12.33	-22.95
PAT Margin	(%)	6.95	-12.92	-28.41
ROCE	(%)	44.25	-41.98	-92.87
Total Debt/Tangible Net Worth	Times	1.07	5.23	1.09
PBDIT/Interest	Times	4.77	-5.21	-6.66
Total Debt/PBDIT	Times	1.19	-1.70	-1.31
Gross Current Assets (Days)	Days	299	196	398

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

None

Any other information

Not Applicable

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)

Not Applicable

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Overdraft	Not Applicable	Not Applicable	Not Applicable	2.08	ACUITE B / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	3.80	ACUITE A4

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About Acuité Ratings & Research:

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