



**Press Release**  
**A N E INDUSTRIES PRIVATE LIMITED**  
**January 15, 2024**  
**Rating Assigned**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	20.00	ACUITE BBB-   Stable   Assigned	-
Bank Loan Ratings	13.00	-	ACUITE A3   Assigned
<b>Total Outstanding Quantum (Rs. Cr)</b>	33.00	-	-

**Rating Rationale**

ACUITE has assigned its long term rating of '**ACUITE BBB-**'(read as **ACUITE triple B minus**) and short term rating of '**ACUITE A3**'(read as **ACUITE A three**) on the bank facilities of Rs.33.00 Crore of A N E INDUSTRIES PRIVATE LIMITED. The Outlook is '**Stable**'.

**Rationale of Rating**

The rating takes into account the moderate business risk profile of the company majorly driven by improvement in revenue and profitability. The revenue from operations of the company increased to Rs.160 Cr. in FY2023 compared to Rs.90.38 Cr. in FY2022 on account of stabilisation of its operations supported by increase in contribution of coal mining operations during the period.

The rating also factors healthy financial position, characterized by a moderate net worth base, low gearing and moderate debt protection metrics. The rating also draws comfort from infusion of quasi equity in the business and long term revenue visibility on an account of moderate order book of more than Rs.1000 Crore. However, these strengths are partially offset by moderately intensive working capital management reflected by high Gross Current Asset (GCA) days on account of stretched receivables. The rating is further constrained by the vulnerability to regulations and working capital intensive nature of operations will remain a key sensitive factor.

**About the Company**

Punjab based, A N E Industries Private Limited was incorporated in 2003. It is engaged in the business of mining, infrastructure development, also provides transportation services. Mr. Gagandeep Singh and Mr. Jaswant Kaur are directors of the entity.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone financial and business risk profiles of A N E Industries Private Limited (AIPL) to arrive at the rating.

**Key Rating Drivers**

**Strengths**

Experienced management and an established track record of operations

The Company has more than two decade of experience in the infrastructure development and mining. The Company is currently managed by Mr. Gagandeep Singh and Mr. Jaswant

Kaur . The promoters of the company has an experience of more than four decades in the same industry through A N E industries Private limited and other entities engaged in the same line of business. The extensive experience of promoters has helped the group establish long-term relationships with its customers and suppliers for repeat orders. Acuite believes that AIPL may continue to benefit from its established track record of operations and longstanding relationships with its customers and suppliers resulting in a steady growth in its scale of operations.

### **Revenue visibility on account of long term coal mining service agreement**

Company has coal mining rights from the North Eastern Coalfields, Assam for a period of four years till the year 2027 of Rs.151.23. In addition, the company has stone mining rights from Department of mines and Geology, Harayana for a period of next eight years till the year 2032 of Rs.980 Crore.It provides long term revenue visibility to the company. Going forward, Company will do two more projects which are currently in pipeline related to stone mining of Rs.300 Crore. Acuite believes that the long term agreement ensures revenue visibility of the company over the medium to long term.

### **Improvement in the operational profile**

The company have achieved a revenue of Rs.160.28 Crore in FY23 against Rs.90.38 Crore in FY22 and Rs.80.07 Crore in FY21. The increase in the revenue is on an account of increase in the orders execution on y-o-y basis which reflected in the topline of the company. Further, the margins of the company sharply improved stood at 15.44% in FY23 against 8.90% in FY22 on an account of cost efficiency. The PAT margins of the company stood at 7.91% in FY23 against 2.40% in FY22. Also, the company have achieved the revenue of Rs.111.93 Crore till December 2023. Going forward, the company is expected to achieve better top-line approximately under the range of Rs.180 Crore in next two years along with better margins on the back of moderate order book.

### **Moderate Financial risk profile**

The financial risk profile of the company is moderate marked by net worth of Rs.65.51 Crore as on 31<sup>st</sup> March 2023 against Rs.40.66 Crore as on 31<sup>st</sup> march 2022. The increase in the net-worth is on an account of accumulation of profits in reserve and treatment of unsecured loans as quasi equity. The total debt of the company stood at Rs.41.00 Crore as on 31<sup>st</sup> March 2023 against Rs.58.97 Crore as on 31<sup>st</sup> March 2022. The total debt of the company comprises Long term debt Rs.23.58 Crore and Short-term debt Rs.17.42 Crore. Further, the gearing of the company improved and stood at 0.63 times as on 31<sup>st</sup> March 2023 against 1.45 times as on 31<sup>st</sup> March 2022 due to treatment of unsecured loans as quasi equity. The interest coverage ratio and debt service coverage ratio of the company stood at 2.88 times and 0.92 times respectively as on 31<sup>st</sup> March 2023 against 2.18 times and 0.46 times respectively as on 31<sup>st</sup> March 2022. Going forward, the leverage ratios of the company is expected to improve in FY24 and FY25 as company will not go for any debt funded capex in next two years which will help company to maintain leverage ratios. The TOL/TNW ratio of the company stood at 0.92 times as on 31<sup>st</sup> March 2023 against 1.90 times as on 31<sup>st</sup> March 2022.Acuite believes that financial risk profile of the company is likely to improve in near to medium term as company is not going for any debt funded capex plans.

### **Weaknesses**

#### **High Regulatory risk in the mining sector**

The mining environment in India has witnessed uncertainties due to issues like illegal mining and risk from sudden change in government policies. Therefore any major regulatory changes may impact the business operations of the company.

#### **Working Capital intensive operations**

Working capital operations of the company are moderately intensive marked by GCA days which stood at 108 days as on 31<sup>st</sup> March 2023 against 166 days as on 31<sup>st</sup> March 2022. The GCA days are improved on an account of inventory days which stood at 25 days as on 31<sup>st</sup> March 2023 against 60 days as on 31<sup>st</sup> March 2022. The debtor days of the company stood

at 64 days as on 31<sup>st</sup> March 2023 against 43 days as on 31<sup>st</sup> March 2022. The average inventory days maintains by the company is under the range of 30 days and debtor days maintains by the company under the range of 20 days for coal and 45-60 days for stone segment. On the other hand, the creditor days of the company stood at 156 days as on 31<sup>st</sup> March 2023 against 131 days as on 31<sup>st</sup> March 2022. Acuite believes that working capital operations of the company may continue to remain in the same range in near to medium term.

### **Rating Sensitivities**

- Increase in scale of operations while maintaining its profitability.
- Elongation of working capital cycle.

### **Liquidity Position Adequate**

The liquidity position of the company is adequate. The company generated net cash accruals of Rs.16.46 Crore in FY 2023 against the debt repayment obligations of Rs.9.83 Crore in the same period. Going Forward, the company is expected to generate sufficient net cash accruals against the debt repayment obligations in near to medium term.

The current ratio of the company stood at 1.07 times as on 31<sup>st</sup> March 2023 against 0.83 times as on 31<sup>st</sup> March 2022. Further, the cash and bank balance of the company stood at Rs.4.54 Crore as on 31<sup>st</sup> March 2023 against Rs.2.49 Crore as on 31<sup>st</sup> March 2022. The fund based and non-fund based average bank limit utilization of the company stood at 12% and 93% respectively in last eight months ending November 2023.

### **Outlook: Stable**

Acuite believes that the outlook on AIPL will remain 'Stable' over the medium term on account of the sponsors' experience in the coal mining sector, revenue visibility from the long term service contract and the locational advantage. The outlook may be revised to 'Positive' in case the company witnesses an improvement in financial risk profile while increasing its scale of operations. Conversely, the outlook may be revised to 'Negative' in case of any significant deterioration of its leverage and liquidity position.

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	160.28	90.38
PAT	Rs. Cr.	12.67	2.17
PAT Margin	(%)	7.91	2.40
Total Debt/Tangible Net Worth	Times	0.63	1.45
PBDIT/Interest	Times	2.88	2.18

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

None

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

### Rating History :

Not applicable.

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Union Bank of India	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	13.00	ACUITE A3   Assigned
Union Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	14.60	ACUITE BBB-   Stable   Assigned
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	5.40	ACUITE BBB-   Stable   Assigned

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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