



## Press Release

### Allied Engineering Works Private Limited

**March 25, 2025**

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities	23.78	IVR BBB-/Stable [IVR Triple B Minus with Stable Outlook]	IVR BB+/Negative; Issuer Not Cooperating [IVR Double B Plus with Negative Outlook; Issuer Not Cooperating]	Rating Upgraded, outlook revised from Negative to Stable, removed from Issuer Not Cooperating and simultaneously withdrawn	<a href="#">Simple</a>
Short Term Bank Facilities	81.22	IVR A3 [IVR A Three]	IVR A4+ [IVR A Four Plus; Issuer Not Cooperating]	Rating Upgraded removed from Issuer Not Cooperating and simultaneously withdrawn	<a href="#">Simple</a>
<b>Total</b>	<b>105.00</b>	<b>(Rs. One hundred five crores only)</b>			

**Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**

#### Detailed Rationale

Infomerics Ratings has upgraded its rating with outlook revised from Negative to Stable, removed from Issuer Not Cooperating category and simultaneously withdrawn the ratings assigned to bank loan facilities of Allied Engineering Works Private Limited (AEWPL). The above action has been taken at the request of AEWPL and 'No Objection Certificate' received from received from all the bankers who have extended the rated facilities. The rating is being withdrawn in accordance with Infomerics' Policy on Withdrawal of ratings.

The ratings have been upgraded, taking into consideration its established track record with experienced management, consistent growth in revenue streams with improvement in profitability margins coupled with healthy financial risk profile. However, the ratings remain constrained on account of tender driven nature of business, intense competition and exposure to exchange fluctuation risk.



## Press Release

The outlook is revised from negative to stable on the back of experienced promoters and running orders the company receives from its customers. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. Infomerics ratings believes that AEWPL business & financials risk profile will be maintained over the medium term considering the overall risk profile of the company.

Infomerics Ratings has principally relied on the standalone audited financial results of AEWPL up to 31 March 2024 (refers to period April 1st, 2023, to March 31st, 2024) and projected financials for FY2025 (refers to period April 1st, 2024, to March 31st, 2025) - FY2027 (refers to period April 1st, 2026, to March 31st, 2027), and publicly available information/ clarifications provided by the company's management.

**Key Rating Sensitivities:** Nil

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

##### **Experienced promoters with established track record of operations**

Mr. Ashutosh Goel and Ms. Bimla Devi Goel are the Directors in the company and manage day-to-day operations. The promoters have extensive experience of around three decades in the industry which has enabled them to understand the complexity of the business and helped building relationships with customers and suppliers.

##### **Consistent growth in revenue streams**

The Total operating income of the company has shown an upward trend over the years, with a CAGR of 65.17% over the last three fiscal years and stood at Rs 353.08 crore in FY24, Rs 169.45 crore in FY23, Rs 122.98 crore in FY22 and Rs 78.36 crore in FY21. The substantial increase in TOI in FY24 is primarily attributed to the company's shift in focus to smart meters, which now account for approximately 60% of total meters sold, as opposed to the previous emphasis on static meters. The company has registered a revenue of Rs 431.44 crore in 9MFY25.



## Press Release

### **Improvement in profitability margins**

The profitability margins of AEPL have improved substantially, with the EBITDA Margin rising from 6.00% in FY23 to 18.87% in FY24 on account of substantial increase in total operating income in FY24. Further, PAT Margin also increased in line with EBITDA Margin and stood at 12,54% in FY24 against 2.84% in FY23

### **Healthy financial risk profile**

The financial risk profile of the company is healthy marked by healthy capital structure and healthy debt protection metrics. Overall gearing ratio stood at 0.26x as on March 31, 2024 against 1.00x as on March 31, 2023. The TOL/TNW stood at 2.38x as on March 31, 2024 against 3.65x as on March 31, 2023 due to an increase in creditors in FY24. Unsecured loans to the tune of Rs 3.50 crore are subordinated to the bank borrowings. The debt protection metrics also stood healthy marked by interest coverage ratio of 12.81x in FY 2024 against 4.69x in FY 2023 and debt service coverage ratio of 7.44x in FY 2024 against 2.64x in FY 2023.

### **Key Rating Weaknesses**

#### **Tender driven nature of business**

Execution risks for newly awarded projects in a timely manner will be key to achieving growth in revenues and profits. Business certainty is dependent on the company's ability to successfully bid for the tenders floated by state electricity boards (SEBs) limit the pricing flexibility. The company's revenue profile is exposed to risks associated with the tender-based nature of its business as the entire business is tender based.

#### **Intense competition and highly fragmented industry**

The industry is highly fragmented, with several players bidding for the similar products and services. This limits the company's ability to improve operating margins.

#### **Exposure to exchange fluctuation risk**



## Press Release

The company imports ~23% of raw material which exposes company to risk of foreign currency fluctuation and would impact the company's profitability due to vulnerable foreign currency exchange rate fluctuations, to the extent unhedged.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Manufacturing Companies](#)

[Criteria on assigning rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

[Policy on withdrawal of ratings](#)

**Liquidity** – Adequate

The company's liquidity remains adequate marked by 31.20% average utilisation of fund-based limits during the past 12 months ended November 2024. AEWPL has gross cash accruals of Rs 46.41 crore in FY24 against repayment obligations of Rs 1.73 crore. GCA in the range of Rs 70.55 to 114.52 crore is expected against CPLTD of obligations in the range of Rs 1.22 crore to 3.42 crore in next 3 fiscal year. The current ratio remains above unity at 1.60x as on March 31, 2024. The Working Capital Cycle of the company stood at 79 days in FY24 which was 103 days in FY23. The unencumbered cash and bank balance stood at Rs. 2.08 crore as on March 31, 2024.

**About the Company**

Allied Engineering Works Pvt Ltd (AEWPL), founded in 2011 is engaged in manufacturing of Energy meters, Wires & cables and Smart grid solutions. Manufacturing units are in Delhi with total floor area more than 150000 sq.ft. employing more than 450 people with 100+ engineers. The company's products include auto-wire, building wires up to 1100v, solar cables, submersible cables and welding cables among others. It also offers metering solutions such as smart meters AMI/AMR, prepaid meters, and electronic energy meters. AEWPL has 3 manufacturing units located in Badli Industrial Area (Delhi).



## Press Release

### Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	169.45	353.08
EBITDA	10.16	66.63
PAT	4.82	44.40
Total Debt	26.90	15.99
Adjusted Tangible Net Worth (including quasi equity)	34.00	77.95
EBITDA Margin (%)	6.00	18.87
PAT Margin (%)	2.84	12.54
Overall Gearing Ratio (x) (including quasi equity)	0.79	0.21
Interest Coverage (x)	4.69	12.81

\* Classification as per Infomerics' standards.

### Status of non-cooperation with previous CRA: Nil

Any other information: Not Applicable

### Rating History for last three years:

Sr. No.	Name of Security/Facilities	Rating (Year 2024-25)			Rating History for the past 3 years	
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Current Rating	Date(s) & Rating(s) downgraded in 2023-24 (February 16, 2024)	Date(s) & Rating(s) assigned in 2022-23 (December 28, 2023)
1.	Long Term Bank Facilities	Long Term	23.78	IVR BBB-/Stable; Withdrawn	IVR BB+ /Negative Issuer Not Cooperating	IVR BBB-/Positive
2.	Short Term Bank Facilities	Short Term	81.22	IVR A3; Withdrawn	IVR A3 Issuer Not Cooperating	IVR A3

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### About Infomerics:





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Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd ] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Instrument/Facility Details

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Facility – Cash Credit		-	-	-	14.00	IVR BBB-/ Stable



## Press Release

Long Term Fund Based Facility – Term Loan		-	-	FY2026	4.78	IVR BBB-/ Stable
Long Term Fund Based Facility – Proposed		-	-	-	5.00	IVR BBB-/ Stable
Short Term Non-Fund Based Facility- LC/BG		-	-	-	62.00	IVR A3
Short Term Non-Fund Based Facility- Proposed		-	-	-	19.22	IVR A3

**Annexure 2: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/Len-Allied-Engineering-Works-25mar25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable**

**Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).