



## Press Release

### Aanjaney Rail Private Limited

June 13, 2023

| Ratings<br>Facilities       | Amount<br>(Rs. crore)                                      | Ratings  | Rating Action | <a href="#">Complexity<br/>Indicator</a> |
|-----------------------------|--|--|---------------|--|
| Long Term Bank<br>Facility  | 49.00  | IVR BB/Stable<br>(IVR Double B with<br>Stable Outlook) | Assigned      | Simple                                   |
| Short Term Bank<br>Facility | 10.00  | IVR A4<br>(IVR A Four )                                | Assigned      | Simple                                   |
| <b>Total</b>                | <b>59.00</b><br><b>INR Fifty Nine</b><br><b>Crore Only</b> |  |               |  |

**Details of Facilities are in Annexure 1**

#### **Detailed Rationale**

The ratings assigned to the bank facilities of Aanjaney Rail Private Limited (ARPL) considers the extensive business experience of the promoters with support from other group companies. The ratings also consider its healthy order book position indicating a satisfactory near to medium term revenue visibility along with its well diversified Product portfolio. However, these rating strengths are partially offset by ARPL's nascent stage of operation, tender-based nature of operations and leveraged capital structure.

#### **Key Rating Sensitivities:**

##### **Upward Factors**

- Significant growth in scale of business with improvement in topline and profitability leading to rise in gross cash accruals on a sustained basis.
- Improvement in the capital structure with improvement in overall gearing to below 3x and /or improvement in debt protection metrics.
- Effective working capital management leading to improvement in liquidity.

##### **Downward Factors**

- Dip in operating income and/or moderation in profitability with drop in EBITDA margin to below 7.50% impacting the gross cash accruals
- Deterioration in the capital structure with moderation in overall gearing to over 4x and/or deterioration in debt protection metrics.



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### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Extensive experience of the directors with long operational track record**

The promoters have experience of over three decades in quality manufacturing of railway spare part items, hence enjoys great reputation and goodwill in the Indian Railways. Experience of the promoters is expected to support the business risk profile of the company going forward.

- **Well diversified product portfolio**

ARPL deals in a wide category of products ranging from CMS Crossings, Bogies, Couplers/Draft Gear, turnout System; Thick Web Switches; Rail Forging Facility & Fasteners for Indian Railways. Hence, the product portfolio is widely diversified.

- **Support from other group companies**

ARPL is a part of Kolkata based Jai dadi group. Jai dadi group has close association with Indian railways through its other companies. Being a part of such a group provides business synergy to ARPL and supports its business risk profile.

- **Satisfactory order book position**

At present, the company have 33 projects in hand amounting to Rs. 139.64 crore which is to be completed within next two years provide adequate revenue visibility in near term.

#### Key Rating Weaknesses

- **Nascent stage of operation**

Having been constituted in 2019, ARPL is still in its embryonic stage of operation & hence will require sufficient time to get a strong footing in the concerned industry.

- **Tender-based nature of operations**

The entire revenue is derived from the Indian Railways. Operations are dependent on the ability to successfully bid for tenders. The inherent uncertainty in revenue visibility for tender-based contracts leads to volatility in revenue. Moreover, any reduction or delay in contracts by the Indian Railways can adversely impact revenue growth. Hence, diversification of the customer base will remain a key rating sensitivity factor.

- **Leveraged capital structure**

The capital structure of the company remained leveraged marked by its high overall gearing ratio at 1.40 as on March 31,2023.



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**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Manufacturing Companies](#)

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

[Criteria of assigning rating outlook](#)

### **Liquidity – Stretched**

The liquidity position of the company remains stretched as reflected by the average utilization of the company's fund-based bank limit, which remains fully exhausted during the last seven months ending March 2023, indicating a low liquidity buffer. However, the Cash accrual is projected to be in the range of ~Rs.7.00 crore to Rs.8.00 crore per annum, sufficient to meet the term debt obligation of Rs 3.00 crore to Rs.4.00 crore over the medium term.

### **About the Company**

Incorporated in 2019, Aanjaney Rail Private limited, is promoted by by Mr. Subhas Kedia and Mrs. Jyoti Kedia is a part of Kolkata based Jai Dadi group. The company is mainly engaged in the production of CMS Crossings, Bogies, Couplers/Draft Gear, Turnout System; Thick Web Switches; Rail Forging Facility & Fasteners for Indian railways. The size of the plant is approximately 2,25,000 Square Feet.

**Financials: Standalone**

| For the year ended* / As On | (Rs. crore)    |                    |
|-----------------------------|----------------|--------------------|
|                             | 31-03-2022     | 31-03-2023         |
|                             | <b>Audited</b> | <b>Provisional</b> |
| Total Operating Income      | 19.83          | 22.68              |
| EBITDA                      | 1.87           | 3.33               |
| PAT                         | 0.96           | 0.60               |
| Total Debt                  | 4.78           | 29.80              |
| Adjusted Tangible Net worth | 12.62          | 21.36              |
| EBITDA Margin (%)           | 9.45           | 14.67              |
| PAT Margin (%)              | 4.84           | 2.63               |
| Overall Gearing Ratio (x)   | 0.38           | 1.40               |

*\*Classification as per Infomerics' standards.*

**Status of non-cooperation with previous CRA:** "Nil"

**Any other information:** Nil



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### Rating History for last three years:

| Sr. No. | Name of Instrument/Facilities | Current Ratings (Year 2023-24) |                                 |               | Rating History for the past 3 years     |   |   |
|---------|-------------------------------|--------------------------------|---------------------------------|---------------|---|---|---|
|         |                               | Type                           | Amount outstanding. (Rs. Crore) | Rating        | Date(s) & Rating(s) assigned in 2022-23 | Date(s) & Rating(s) assigned in 2021-22 | Date(s) & Rating(s) assigned in 2020-21 |
| 1.      | Term Loan                     | LT                             | 25.00                           | IVR BB/Stable | -                                       | -                                       | -                                       |
| 2.      | Cash Credit                   | LT                             | 14.00                           | IVR BB/Stable | -                                       | -                                       | -                                       |
| 3.      | Cash Credit (Proposed)        | LT                             | 10.00                           | IVR BB/Stable | -                                       | -                                       | -                                       |
| 4.      | Bank Guarantee                | ST                             | 10.00                           | IVR A4        | -                                       | -                                       | -                                       |

### Name and Contact Details of the Rating Analyst:

Name: Mr. Ashish Agarwal

Tel: (033) 4803 3621

Email: [aagarwal@infomerics.com](mailto:aagarwal@infomerics.com)

Name: Mr. Avik Podder

Tel: (033) 4803 3621

Email: [apodder@infomerics.com](mailto:apodder@infomerics.com)

### About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

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

For more information visit <https://www.infomerics.com/>

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accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Details of Facilities

| Name of Facility       | Date of Issuance | Coupon Rate/ IRR | Maturity Date | Size of Facility (Rs. Crore) | Rating Assigned/ Outlook |
|------------------------|------------------|------------------|---------------|------------------------------|--------------------------|
| Term Loan              | -                | -                | Dec 2028      | 25.00                        | IVR BB/Stable            |
| Cash Credit            | -                | -                | -             | 14.00                        | IVR BB/Stable            |
| Cash Credit (Proposed) | -                | -                | -             | 10.00                        | IVR BB/Stable            |
| Bank Guarantee         | -                | -                | -             | 10.00                        | IVR A4                   |

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/Len-ARPL-jun23.pdf>

### Annexure 3: List of companies considered for consolidated analysis: Not Applicable

### Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: 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 <https://www.infomerics.com>.