

Aneesh Ahmad Khan

Instrument	Amount	Rating Action
Long term Fund Based Limit—Cash Credit	Rs. 3.00 crore	[ICRA]C+ Revised from [ICRA]D
Short term Non Fund Based Limit—Bank Guarantee	Rs. 3.00 crore	[ICRA]A4 Revised from [ICRA]D
Unallocated Limit	Rs. 1.08 crore	[ICRA]C+ and [ICRA]A4 Assigned

ICRA has revised the long term rating assigned to the Rs. 3.00 crore¹ cash credit facility of Aneesh Ahmad Khan (AAK or the firm)² from [ICRA]D (pronounced ICRA D) to [ICRA]C+ (pronounced ICRA C plus). ICRA has also revised the short term rating from [ICRA]D to [ICRA]A4 (pronounced ICRA A four) assigned to the Rs. 3.00 crore short term non fund based bank facility of the firm. ICRA has assigned the ratings of [ICRA]C+ and/or [ICRA]A4 to the Rs. 1.08 crore unallocated limits of AAK.

The revision in ratings takes into account the regularization of debt servicing and subsequent liquidation of the term loan by AAK during the last one year as confirmed by the bank and the management. The ratings also continue to favorably factor in the long experience of the promoters of AAK in the coal overburden removal and transportation business and the high entry barriers for new players in the industry as a result of stringent technical criteria for the bidders. The ratings also draw comfort from the relatively low counterparty risks involved in the business due to the presence of prominent clients like WCL and MPPGCL.

However, the ratings continue to be constrained by the weak capital structure and debt protection indicators because of debt funded capital expenditure. ICRA also takes note of the stretched liquidity position as reflected by full utilization of bank limits due to significant funds being locked up in the form of security deposits. Further, ICRA notes that the firm's small scale of operations with presence only in Madhya Pradesh could limit the growth in operations. The rating concerns also emanate from the presence of liquidated damage clause in most of the contracts making it critical to achieve the monthly mining quantities and the vulnerability of profitability to diesel price variations. The ratings are further constrained by the fact that AAK is a partnership concern and the quantum of withdrawals from the capital account will remain a key sensitivity.

About the firm

Aneesh Ahmad Khan (AAK) was established in the year 1994 and is engaged in the business of overburden removal, coal excavation and coal transportation contract works. The firm was established by eight partners belonging to the same family. The firm's operations are majorly concentrated in coal mining areas of Madhya Pradesh, primarily in the district of Chhindwara.

Recent Results

For the financial year ending March 31, 2016, the company reported a profit after tax of Rs. 2.84 crore on an operating income of Rs. 47.71 crore (Provisional numbers).

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¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications



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