

Hi tech Engineers and Consultants Private Limited

November 14, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Bank Facilities	1.00	CARE BB+; ISSUER NOT COOPERATING* (Double B Plus; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
Short term Bank Facilities	40.00	CARE A4+; ISSUER NOT COOPERATING* (A Four Plus ; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
Total	41.00 (Rs. Forty One Crore only)		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated July 26, 2018, placed the ratings of Hi tech Engineers and Consultants Private Limited(HEC) under the 'issuer non-cooperating' category as HEC had failed to provide information for monitoring of the rating. HEC continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and an email dated November 07, 2019, November 05 and November 04, 2019. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings).

Detailed description of the key rating drivers

At the time of last rating on July 26, 2018, the following were the rating weaknesses and strengths. (updated for the information available from Registrar of Companies)

Key Rating Weaknesses

Competition from organized and small/mid-sized unorganized players and dependency on real estate sector: Indian construction industry is characterized as fragmented and competitive nature as there are a large number of players at the regional level. Hence, going forward, due to high level of competition, the profits margins are likely to be range bound. HEC executes electrical work projects for both residential and commercial projects in real estate sector along with contracts from multinational corporates. Majority of the contracts executed by the company are residential projects. Thereby company's revenue and future growth are dependent on growth in real estate sector and company is exposed to the cyclicity associated with real estate sector which has direct linkage with the general macroeconomic scenario, interest rates and level of disposable income available with individuals.

Industry prospects: HEC's prospects would be driven by its ability to improve its profitability margins in a market characterized by intense competition from the organised and unorganised sector and maintain its capital structure. Furthermore, the ability of the HEC to maintain steady flow of orders from its clientele and improve its collection period shall remain critical for the growth of the company.

Key Rating Strength

Experienced promoters & technically qualified team: Mr. Rajeev Bansal and Mrs. Anubha Bansal are directors of HEC. Mr. Rajeev Bansal is an electrical engineer and has experience of more than two decades in designing, installing and commissioning of electrical works projects. Prior to HEC, the promoters were carrying out business through partnership firm-HETC which had been operational for 15 years since 1991. He looks after overall affairs of the company. Mrs. Anubha Bansal, wife of Mr Rajeev Bansal is a graduate; and associated with the entity for around one and half decades and looks after finance function of the company. Moreover, HEC has a well-qualified and experienced team of projects mangers, project engineers and a team of dedicated supervisors and electricians with more than a decade of experience for planning and execution of projects.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

*Issuer did not cooperate; Based on best available information

Moderate financial risk profile: Company's financial risk profile continues to remain moderate marked by increase in the total operating income, improvement in profitability margins, comfortable capital structure and comfortable coverage indicators.

HEC total operating income (TOI) stood at to Rs.56.53 crore in FY19 \ on the back of successful execution of electrical work contracts for real estate development (both residential and commercial)

Profitability profile though marginally moderated but continues to remain moderate as evident from PBILD and PAT margins stood at 15.35 per cent and 12.25 per cent, respectively in FY19 against 13.69 per cent and 9.56 per cent, respectively in FY17 owing to rendering consultation services offered by HEC, which fetches higher margins, along with decrease in interest and depreciation expenses

Capital structure continues to remain comfortable evident from overall gearing ratio stood at 0.13 times in FY19 against 0.20 times in FY18 The improvement is on account of accretion of profits to reserves The debt coverage indicators remained at comfortable levels.

Moderate liquidity profile: HEC operations continues to remain moderate working capital intensive marked by operating cycle of 49 days in FY18 against 61 days in FY18. The improvement was mainly on account of better realization from clients.

Reputed client base: In the past, company has executed contracts for various reputed companies like DLF Limited, Bharti Airtel Limited, Genpact and Ernst & Young LLP. In light of satisfactory work, HEC has managed to get repeat orders. Reputed client base ensure timely realization of receivables and lends credibility to the execution capabilities of the company.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[CARE's Policy on Default Recognition](#)

[Criteria on assigning Outlook to Credit Ratings](#)

[Criteria for Short Term Instruments](#)

[Methodology for Service Sector](#)

[Financial ratios – Non-Financial Sector](#)

About the Company

Delhi-based HEC was initially incorporated as H.L Developers Private Limited in 2003 by Mr. Rajiv Bansal and Mrs. Anubha Bansal. In August 2010, name of the company was changed to the present one. Before HEC, promoters were executing similar electrical engineering projects through a partnership firm 'Hi-Tech Engineers & Consultants' (HTEC) (operational since 1991). Subsequently in 2005, HEC took over HTEC. The company is engaged in the field of electrical engineering and construction and operates PAN India. HEC executes projects on turnkey basis including designing, installing and commissioning of electrical works in internal as well as external parts of the building. These projects are pertaining to lighting and power system, LAN/ Music System, fire detection system, building management system, CCTV System and complete HT/LT power distribution & control for industrial / factory projects, corporate offices, residential buildings, shopping malls, etc. HEC has two group associates, namely, Dove Consultants Private Limited (engaged in similar line of business) and Mount Titlis Resorts Private Limited (an associate company having shareholding in HEC).

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	39.23	56.53
PBILD	5.37	8.68
PAT	3.75	6.93
Overall gearing (times)	0.20	0.13
Interest coverage (times)	6.46	10.94

A-Audited

Status of non-cooperation with previous CRA – Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	1.00	CARE BB+; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-Bank Guarantees	-	-	-	40.00	CARE A4+; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Cash Credit	LT	1.00	CARE BB+; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE BB+; ISSUER NOT COOPERATING* (26-Jul-18)	1)CARE BBB-; ISSUER NOT COOPERATING* (04-May-17)	-
2.	Non-fund-based - ST-Bank Guarantees	ST	40.00	CARE A4+; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE A4+; ISSUER NOT COOPERATING* (26-Jul-18)	1)CARE A3; ISSUER NOT COOPERATING* (04-May-17)	-

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Contact us

Media Contact

Mradul Mishra

Contact no.: +91-22-6837 4424

Email ID: mradul.mishra@careratings.com

Analyst Contact

Name: Mr. Amit Jindal

Contact no.: +91- 11-4533 3228

Email ID: amit.jindal@careratings.com

Business Development Contact

Name: Ms. Swati Agrawal

Contact no.: +91-11-4533 3200

Email ID: swati.agrawal@careratings.com

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is 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 CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**