



Rating Rationale

A. G. Wable

26 June 2019

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 11.50 Crores of A. G. Wable.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based Cash Credit	4.50	Long Term	BWR B+ (Pronounced as BWR B Plus) Outlook: Stable
Non Fund Based Bank Guarantee	7.00	Short Term	BWR A4 (Pronounced as BWR A Four)
Total	11.50	INR Eleven Crores Fifty Lakhs Only	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon A. G. Wable (AGW) Audited Financial Statements from FY16 to FY18 for ease in understanding and comparison. AGW has also provided the provisional and projected financial statements for FY19 & FY20 respectively, publicly available information and information / clarification provided by the AGW management.

The ratings assigned to the bank facilities of AGW draws strength from extensive experience of the proprietor, moderate coverage ratios, reputed clientele, above average liquidity profile. The ratings are however constrained by Low scale of operations, tender based nature of work, price escalations etc

The ability of the company to improve the scale of operations & maintain the profitability, gearing and maintaining all the other ratios to an optimum level would be its key rating sensitivity.

Description of Key Rating Drivers

Credit Strengths:

Experience: The proprietor has extensive experience in the field of construction of roads for almost 3 decades.

Clientbase: Reputed clientele like NHAI, PWD, Municipal Council and MIDC.

Moderate coverage ratios: Moderate coverage ratios with the ISCR standing at 2.05x in FY18 as compared to 2.23x in FY17 and the DSCR standing at 1.92x in FY18 as compared to 1.97x in FY17.

Above average liquidity profile: Improvement in liquidity with current ratio improving to 1.88x in FY18 as compared to 1.28x in FY17.

Credit Risks:

Proprietary concern: Constitution as Proprietary concern which restricts its financial flexibility to an extent and there is an inherent risk of possibility of withdrawal of capital at the time of personal contingency.

Moderate scale of operations: Moderate scale of operations with the TOI standing at Rs.22.44 cr in FY18 as compared to Rs10.87Cr in FY17.

Tender based: Tender based nature of work with susceptibility to raw material price changes & geographical concentration.

Liquidity profile

The average CC utilization in the last 6 months is 100%. The company has cash and cash equivalents amounting to Rs 0.29Cr in FY18. The current ratio of the concern stands at 1.88x in FY18.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: *Stable*

BWR believes the **A. G. Wable** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

AGW is a Registered Civil Contractor having registration with PWD, and MIDC as Class – I (unlimited) in the state of Maharashtra , engaged in the business of construction of Road, Bridges , Road Infrastructure since last 30 to 35 years. He is a Government Contractor and have carried out several road works in Govt. and Semi Govt. Organisation such as NHAI, PWD, Municipal Council and MIDC. Recently they have completed asphaltting of Road with Ahmednagar, Supa, Ranjangoan, Newasa Industrial Area. AGW is well equipped with Machineries and Equipment required for road construction along with own hot mix plant situated on Nagar Aurangabad Road, with sufficient space for storing of raw material and also adequate staff which include site Engineers, Supervisors having technical expertise in road construction and beautification work of road.

Company Financial Performance

During FY17, the total operating income of AGW stood at Rs.10.87 crore (vis-à-vis Rs.22.44 crore in FY18), whereas the PAT during the same year stood at Rs.0.64 crore (vis-à-vis Rs.0.80 crore in FY18). DSCR stood at 1.97 Times in FY17 as compared to 1.92 Times in FY18.

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	22.44	10.87
EBITDA	₹ Cr	1.53	1.15
PAT	₹ Cr	0.80	0.64
Tangible Net worth	₹ Cr	6.26	3.87
Total Debt/Tangible Net worth	Times	0.63	1.63
Current Ratio	Times	1.88	1.28

Rating History for the last three years

S.No	Facility	Current Rating			Rating History		
		Type	Amount (₹ Crs)	Rating	2018	2017	2016
1	Fund Based	Long term	4.50	BWR B+ (Pronounced as BWR B Plus) Outlook: Stable	NA	NA	NA
2	Non Fund Based	Short Term	7.00	BWR A4 (Pronounced as BWR A Four)	NA	NA	NA
	Total		11.50	₹ Eleven Crores Fifty Lakhs Only			

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

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)



For any other criteria obtain hyperlinks from website

Analytical Contacts	Investor Contacts
<p>Sushil Kumar Chitkara Associate Director - Ratings B :+91 22 2831 1426, +91 22 2831 1439 sushilkumar.c@brickworkratings.com</p> <p>Mitchell Bhatte Ratings Analyst B :+91 22 2831 1426, +91 22 2831 1439 Ext :664 mitchell.b@brickworkratings.com</p>	<p>Satish Nair Director - Global Market Development & Investor Relations M : +91 7738875550 B : +91 22 6745 6666 satish.n@brickworkratings.com</p>
<p>1-860-425-2742</p>	

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER

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