

## Rating Rationale

### Brickwork Ratings assigns 'BWR BB' & 'BWR A4' for the Bank Loan Facilities aggregating ₹ 17.50 Cr of ASC Builders Pvt. Ltd.

Brickwork Ratings has assigned the following **Ratings**<sup>1</sup> for the Bank Credit Facilities of ASC Builders Pvt. Ltd.

Facility	Limits (₹ Cr)	Tenure	Rating
Cash Credit	7.50	Long Term (Fund Based)	<b>BWR BB</b> (BWR Double B)  <b>(Outlook: Stable)</b>
Bank Guarantee	10.00	Short Term (Non-Fund Based)	<b>BWR A4</b> (BWR A Four)
<b>Total</b>	<b>17.50</b>	<b>INR Seventeen Crores and Fifty Lakhs only</b>	

The rating factors, inter alia, the experience of the founder director and track record of the operations of the firm in civil construction business in Punjab, low financial leverage and comfortable profit margins. However, the rating is constrained by stretched liquidity; high utilization of working capital limits, geographic and customer concentration risks and intensely competitive civil construction sector.

#### Background:

**ASC Builders Pvt Ltd (ASCBPL)** reconstituted in 2012 from M/s. Amarjit Singh Govt. Contractor, a proprietorship firm, is a private limited company established by Mr Amarjit Singh. ASCBPL is into civil construction business. The founder director is into civil construction on contract basis since 1984. The company mainly does commercial and residential contractual works for Government and local Government bodies in the state of Punjab, primarily in and around Bathinda. The company has around 50 employees with large equipment fleet which helps in smooth execution of the project

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

### Management Profile:

The company is closely held and has 8 directors in the board, namely Mr Amarjit Singh, Mr Amarinder Singh, Mr Paramvir Singh, Mr Amandeep Singh, Mr Gurtej Singh, Ms Paramjit Kaur, Mr Udey Singh and Ms Gurmit Singh.

### Financial Performance:

During FY13, the net revenues decreased to ₹ 43.87 Cr from ₹ 57.71 Cr in the previous year. The Firm's net profit margin has decreased to 3.93% in FY13 from 6.15% in FY12. ISCR has marginally decreased from 4.85 times in FY 2011-12 to 4.83 times in FY 2012-13. Current ratio has decreased from 2.66 times as on 31-3-2012 to 1.53 times as on 31-3-2013, due to increase in creditors payable. Debt equity ratio is low with 1.11 times as on 31-3-2013. The tangible net-worth was 6.82 Cr as on FY13.

### Rating Outlook:

The rating reflects the position of the company in the civil construction business and its established track record with Punjab Public Works Department (PWD) and other development authorities. ASCBPL's ability to improve the revenue and profitability levels profit margins, mitigate customer concentration risk, diversify sectorally and geographically will be the key rating sensitivities.

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