



Rating Rationale

ASC Power Pvt. Ltd.

10 Aug 2018

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 12.50 Crores of ASC Power Pvt. Ltd..

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Nov, 2016)	Present
Fund based	10.70	10.70	Long Term	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable
Non Fund Based	1.80	1.80	Short Term	BWR A4 (Pronounced as BWR A Four)	BWR A4 (Pronounced as BWR A Four)
Total	12.50	12.50	INR Twelve Crores & Fifty Lakh Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Ratings: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has relied upon ASC Power Pvt Ltd's (ASCPPL) audited financial results up to FY17, financial projections till FY19 and the information/clarifications provided by the Company.

The ratings, inter alia, factor stable performance on YoY basis, experience of the promoters in the EPC industry and good revenue visibility in the near future. The ratings, however, constrained by working capital intensive nature of business, weak capital structure and modest scale of operation.



Description of Key Rating Drivers

- **Credit Strengths:**
 - Promoters experience and established track record in EPC industry.
 - Long standing relations with clients in the market.
 - Better revenue visibility in near future on account of order book of Rs. 53 Crore.
 - Improving coverage indicators as on FY17, ISCR at 1.85x which was 1.70x in FY16.
- **Credit Risks:**
 - Relatively modest scale of operations limiting economics of scale.
 - Profitability highly susceptible to intense competition from other contractors.
 - Working capital intensive nature of business.
 - Weak financial profile and high leveraged capital structure marked by networth of Rs.1. 58 Crore.

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 **ASC Power Pvt. Ltd.** 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

The company was established in 1978 as a proprietorship concern under the name of Ambika Service Center. In 2011 the company was converted into a private limited entity and commenced operation under the name of ASC Power Pvt. Ltd. (ASCPPL). The company is managed by its two directors, Mr. Jeetendra Kothari and Mr. Kapil Kothari. The company undertakes on-site turnkey projects which involve supply, erection, testing, commissioning, and maintenance of electrical, instrumentation and mechanical engineering services.

Company Financial Performance

As per audited financials of FY17, the company has achieved TOI of Rs. 17.25 Crores Vs. Rs. 16.14 Crore in FY16. Operating profitability remained on the similar levels of FY16 i.e. between 9-10%. Net profit margins were at 2.47% vs. 2.01% in FY16. Tangible net worth & adjusted tangible network of the company stood at Rs. 1.58 Crore & Rs. 2.79 Crores as of FY17.

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	Nov, 2016	FY15	FY14
	Fund Based						
1.	Cash Credit	Long Term	6.50	BWR BB-(Stable)	BWR BB-(Stable)	BWR B+(Stable)	
2.	Proposed Term Loan	Long Term	4.20	BWR BB-(Stable)	BWR BB-(Stable)	-	
	Non Fund Based						
3.	Bank Guarantee	Short Term	1.80	BWR A4	BWR A4	BWR A4	
	Total		12.50	₹ Twelve Crores & Fifty Lakh Only			



Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	Rs. Crore	17.25	16.14
EBITDA	Rs. Crore	9.41	10.92
PAT	Rs. Crore	0.43	0.32
Tangible Net worth	Rs. Crore	1.58	1.15
Total Debt/Tangible Net worth	Times	3.02	7.50
Current Ratio	Times	1.47	1.33

Hyperlink/Reference to applicable Criteria

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

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For print and digital media

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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. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 11,99,663 Cr. In addition, BWR has rated over 6819 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹48,803 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.