

Rating Rationale

Brickwork Ratings upgrades the long term rating from BWR B+ to ‘BWR BB-’ & assigns short term rating of ‘BWR A4’ to ASC Power Private Limited’s bank loan facilities aggregating ₹12.50 Cr

Brickwork Ratings upgrades the long term **Rating¹** from BWR B+ to ‘BWR BB-’ & assigns short term rating of ‘BWR A4’ to ASC Power Private Limited (ASCPPL or “the Company”).

Facilities	Previous Limits (₹Cr)	Current Limits (₹Cr)	Tenure	Previous Rating	Revised Rating
Fund Based:			Long Term	BWR B+ [Pronounced BWR Single B Plus] (Outlook – Stable)	BWR BB- [Pronounced BWR Double B Minus] (Outlook – Stable)
Cash Credit	6.50	6.50			
Proposed Term Loan	-	4.20			
Non Fund Based:			Short Term	-	BWR A4 [Pronounced BWR A Four]
Proposed Bank Guarantee	-	1.80			
Total	6.50	12.50	INR Twelve Crore and Fifty Lakhs Only		

BWR has relied upon ASCPPL’s audited financial results up to FY16 and the information/clarifications provided by the Company.

The ratings upgrade, inter alia, factor improved performance on YoY basis on account of healthy order book position, experience of the promoters in the EPC industry, good revenue visibility in the near future, and improved operating margins. The ratings, however, constrained by working capital intensive nature of business, moderate capital structure and modest scale of operation.

Company Background and Management Profile

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.

Financial Performance

As per the audited financials for FY16 provided by the company, ASCPPL’s operating income stood at ₹16.14 Cr. with a PAT of ₹0.75 Cr. as against operating income of ₹ 2.99 Cr. with a PAT of ₹ 0.14 Cr. in FY 15 on account of improved order book position.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Outlook

The outlook is Stable. The Company's ability to maintain turnover and margins despite of intense competition, achieving estimated revenues, managing working capital cycle will be key rating sensitivity factors.

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