

Rating Rationale

Brickwork Ratings assigns ‘BWR B+’ rating for proposed long-term Bank Loan Facilities of ASC Power Pvt. Ltd.

Brickwork Ratings assigns BWR B+ **Rating**¹ for proposed long-term bank loan facilities of ASC Power Pvt. Ltd. (ASCPPL or “the Company”).

Facility (Proposed)	Limits (₹ Cr)	Tenure	Rating*
Fund Based: Cash Credit	6.50	Long Term	BWR B+ (Pronounced BWR Single B Plus) (Outlook – Stable)
Total	6.50	INR Six Crores & Fifty Lakh only	

BWR has relied upon ASCPPL’s audited financial results up to FY14, provisional figures up to FY15, projected financials up to FY 17 and the information/clarifications provided by the Company.

The ratings, inter alia, factor 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 provisional financials for FY15 provided by the company, ASCPPL’s operating income stood at ₹5.34 Cr. with a PAT of ₹0.22 Cr. as against operating income of ₹ 3.99 Cr. with a PAT of ₹ 0.14 Cr. in FY 14 on account of improved order book position.

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

The Company's capital structure marked by debt equity ratio as on 31st March, 2015 is at 3.33 times. The Company's current ratio stands at 1.15 times; ISCR stands at 1.29 times for FY15.

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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