

Rating Rationale

Brickwork Ratings assigns ‘BWR BB’ & ‘BWR A4’ for the Bank Loan Facilities aggregating ₹ 8 Cr of Aakash Oil Field Services Private Limited

Brickwork Ratings (BWR) has assigned the following **Ratings**¹ for the Bank Loan Facilities of Aakash Oil Field Services Private Limited (*AOF SPL or the ‘Company’*).

Facility	Amount (₹ Cr)	Tenure	Rating
CC-Hypo	2.50	Fund Based Long Term	BWR BB (BWR Double B) Outlook: Stable
SOD	1.00		
Letter of Guarantee	4.50	Non-Fund Based Short Term	BWR A4 (BWR A Four)
Total	8.00	INR Eight Crores only	

BWR has principally relied upon the audited financial results up to FY13, projected financials up to FY15, publicly available information and information/clarifications provided by the company’s management.

The ratings reflect the experience of the promoters and the management in the Oil Field Services industry, moderate debt protection metrics, marginal improvement in the profitability and promoters extended financial support in the form of unsecured loans. The rating is however constrained by the modest scale of operations in an intensely competitive industry, leveraged capital structure and stretched liquidity position.

Background

Aakash Oil Field Services Private Limited was incorporated in 1992 in Ahmedabad. The company was taken over by the current directors in 1995. The clientele of the Company includes Government, Semi-government and Private Oil Field sector companies. The Company is having more than ten years of experience in providing various types of services to Oil field industry. The company specializes in Sucker Rod Pump (SRP) erection and commissioning as well as its maintenance. The company has associated offices at Mehsana, Ankleshwar, Ahmedabad and Cambay. The company has entered into medium term contracts with its clients.

Management Details:

Mr. Kaushal Parikh and Mrs. Ameer Parikh are the Managing Directors and Director of the company respectively. They together hold 100% shares of the company. The company has an

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

experienced and well qualified management team who has been associated with the company for long.

Financial-Highlights:

Aakash Oil Field Services Private Limited reported a Net Revenue of ₹ 28.54 Cr and PAT of ₹ 0.68 Cr for FY13 as against a Net Revenue of ₹ 24.25 Cr for FY12, an increase of 17.54% in Net Revenue. The Net Profit Margin is 2.40% for FY13 as against 1.41% for FY12. The Tangible Net worth of the company is ₹ 4.29 Cr in FY13. The Debt-to-Equity is 2.19 times in FY13. The Current Ratio is 1.25 times in FY13, reflecting the stretched liquidity position.

Rating Outlook:

The outlook is expected to be stable over the current year. Going forward, the ability of the company to maintain its profitability under intensely competitive environment, increase its scale of operations profitably, effectively manage its working capital and retaining its client would be the key rating sensitivities.

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