

## Rating Rationale

### Brickwork Ratings Reaffirms ‘BWR BB’ rating for long-term Bank Loan Facilities & ‘BWR A4’ rating for short-term Bank Loan Facilities aggregating ₹8 Cr of Aakash Oil Field Services Private Limited

Brickwork Ratings *reaffirms BWR BB Rating*<sup>1</sup> for long-term bank loan facilities and *BWR A4* rating for short-term bank loan facilities aggregating ₹8 Cr of Aakash Oil Field Services Private Limited (*AOFSPL* or “*The Company*”).

Facility	Limits (₹ Cr)	Tenure	Rating based on current review
<b>Fund Based:</b> CC-Hypo SOD (FDR)	<b>2.50</b> <b>1.00</b>	<b>Long Term</b>	<b>BWR BB</b> (Pronounced BWR Double B)  <b>Outlook-Stable</b>
<b>Non Fund Based:</b> Letter of Guarantee	<b>4.50</b>	<b>Short Term</b>	<b>BWR A4</b> (Pronounced BWR A Four)
<b>Total</b>	<b>8.00</b>	<b>INR Eight Crores only</b>	

BWR has relied upon AOFSP’s audited financial results of up to FY14, provisional financial figures of FY15, projected financials of up to FY17, and information/clarifications provided by the Company.

The ratings reaffirmation takes into account established track record of the management, steady growth in revenues, good order book position, improving net worth, increased profitability and comfortable coverage ratios. The ratings, however, are constrained by limited scale of operations, working capital intensity of the operations and stretched liquidity position.

#### Company Background and Operations

The Company 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 twenty years of experience in providing various types of services to Oil field industry. The company has associated offices at Mehsana, Ankleshwar, Ahmedabad and Cambay.

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

### Management Profile

Mr. Kaushal Parikh and Mrs. Ameer Parikh are the Managing Director and Director of the company respectively. They together hold 100% shares of the company. The company has an experienced and well qualified management team who has been associated with the company for long.

### Financial Performance

During the FY14, the Company's operating income stood at ₹28.44 Cr as against ₹28.54 crore in FY13. PAT, however, increased to ₹0.70 Cr in FY14 as against ₹0.68 Cr in FY13. The net profit margin is 2.45% for FY14 as against 2.40% in FY13. As per provisional figures for MFY15 (i.e. till March, 15), the Company has earned net sales of ₹31.90 Cr with net profit of ₹2.32 Cr.

### Outlook

The outlook is stable. Going forward, improvement in capital structure, ability to sustain in an intense competition, profitability, and effective management of working capital, retaining and expanding its clients would be the key rating sensitivities.

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