

Rating Rationale

Brickwork Ratings assigns 'BWR D' for the Bank Loan Facilities of Ambey Constructech Pvt. Ltd.

Brickwork Ratings (BWR) has assigned the following **Rating¹** for the Bank Loan Facilities of Ambey Constructech Pvt. Ltd ('ACPL' or the 'Company'):

Facility	Existing Limits (₹ Cr)	Proposed Limits* (₹ Cr)	Tenure	Rating
Fund Based Cash Credit Limit	12.00	12.53	Long Term	BWR D
Total	12.53	(INR Twelve Crores & Fifty Three Lakhs only)		

* Proposal for additional Cash Credit Limit of Rs. 0.53 Cr has been submitted to the bank

BWR has principally relied upon the audited financial statements up to FY14, publicly available information and information/clarifications provided by the company's management.

The rating reflects instances of delays in servicing debt obligations on time. The delay is mainly due to the stretched liquidity position of the Company. Further, the ratings are constrained by the weak financial risk profile marked by high debt, continued operational losses, negative net worth, small scale of operations and stretched receivables. However, the company benefits from the promoters' industry experience.

Background:

Ambey Constructech was incorporated in 2011 as a private limited company in Bathinda, Punjab. The Company is engaged in the trading of building materials such as cement, steel, crushed stone, sand etc and is also a contractor for government & private entities undertaking civil & road construction work in Punjab.

Management Profile:

ACPL is a family owned business. The key promoters of the Company are Mr. Puneet Garg and Mr. Harvinder Pal Singla, who look after the overall operations of the company.

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

Financial Performance:

Net Sales decreased significantly by around 76 % from ₹ 34.55 Cr in FY13 to ₹ 7.51 Cr in FY14. SCPL reported net loss of ₹2.44 Cr in FY14 as against a loss of ₹4.78 Cr in FY13. Tangible net worth was negative on account of continued losses incurred.

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