



Rating Rationale

Ashok Bricks Industries Pvt Ltd

9th Feb 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Ashok Bricks Industries Pvt Ltd.

Particulars

Facility Rated	Amount (Rs. Cr)	Tenure	Rating *
Fund Based Cash Credit	14.00	Long Term	BWR BBB- Outlook:(Stable) (Pronounced BWR Triple B Minus)
SLC	1.50		
Term Loan	7.49		
Non Fund based Bank Guarantee	20.00	Short Term	BWR A3(Pronounced As A Three)
Total	Rs 42.99 Crore (Rupee Forty Two Cr Ninety Nine Lakh only)		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results up to FY16, projected financials up-to FY18, publicly available information and information/clarification provided by the Firm's management.

The ratings have factored, inter alia, the extensive experience of promoters in the civil construction business, substantial revenue growth in FY 16, future revenue visibility through healthy order book position, reputed client profile, adequate net worth, comfortable debt servicing capacity and long standing relationship with reputed clients. Also the company is venturing into new geography such as Jharkhand, Chhattisgarh, and Karnataka. The ratings are, however, constrained by small scale of operations with intense industry concentration, stretched working capital cycle and the uncertainties of tender based business.



The outlook is expected to be stable for the current year. Going forward scale up of the company's operations maintaining profitability, efficient working capital management, timely completion of the projects and bagging of new orders will remain the key rating sensitivities.

Rating Outlook: Stable

BWR believes Ashok bricks Industries Pvt Ltd's business risk profile will be maintained over the medium Term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Ashok Bricks Industries Pvt Ltd was incorporated in 1999. The Company is headquartered at Belpahar, Jharsuguda, Odisha. The company is mainly engaged in civil construction of road, over bridges, and other civil structures of government departments within State of Odisha, Jharkhand, Chhattisgarh and Karnataka. The company registered as a first class civil contractor with the public works department (PWD) of Odisha thereby providing the company flexibility to bid for projects across Odisha. The company executes various contracts for renowned government & private companies such as PWD, Simplex Infrastructure, Vedanta Limited, Alstrom Projects Limited, South Eastern Railways, Hindustan Steelworks Construction Limited, TBEA Energy India Private Limited and Mahanadi Cool Fields Limited. The company has also worked with Siemens India, Sesa Sterlite and Jindal India Private Limited.

The completed projects done by the company includes improvement in Lephripara-Balisankara road of 35 Crs which was completed in Jan 2106, site preparation work for NEW HSM with project cost of ~19 Cr which was completed in March 2016 and repairing and strengthening of black topped coal transportation road with project cost of ~ Rs 15 Cr.

Company Financial Performance

The Company has reported a turnover of Rs. 84.08 Cr in FY16 with a PAT of Rs. 3.79 Cr, during FY15 the company reported a turnover of Rs.55.58 Cr in with a PAT of Rs. 1.68 Cr. The Company has projected a turnover of around Rs.120 Cr during FY17 and has already achieved revenues of 81.68 Cr for the first 8 months of FY 17 ended November 2016.

Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/ Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term /Short Term)	Amount (Rs Cr)	Rating	2016	2015	2014
1	Cash Credit	Long Term	14.00	BWR BBB- (Stable)	--	--	--
2	SLC	Long Term	1.50	BWR BBB- (Stable)	--	--	--
3	Term Loan	Long Term	7.49	BWR BBB- (Stable)			
4	Bank Guarantee	Short Term	20.00	BWR A3	--	--	--

Status of non-cooperation with previous CRA (if applicable): NA

Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)
- [Infrastructure Sector](#)

Analytical Contacts	Media
<u>Swapan Chandra,</u> <u>DGM, Ratings</u> analyst@brickworkratings.com	media@brickworkratings.com
	Relationship Contact bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.



About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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