



Rating Rationale

Astha Associates Engineering & Construction

26 Oct 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 6 Crs. of Astha Associates Engineering & Construction.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based Overdraft	1.00	Long Term	BWR B (Pronounced as BWR Single B) Outlook: Stable
Non Fund Based Bank Guarantee	5.00	Short Term	BWR A4 (Pronounced as BWR A Four)
Total	6.00	INR Six Crores Only	

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results of the Firm upto FY17, provisional financials for FY18, publicly available information and information/clarifications provided by the management.

The rating draws strength from the experienced and qualified partners. The rating, however, is constrained by small scale of operations, low profitability level, intense competition, concentration risk, weak debt protection metrics and high dependency on government contracts/orders.

Description of Key Rating Drivers

Credit Strengths:

- **Experienced and qualified partners:** The partners of the firm have decades of experience in the industry. Wherein Mr Shyam Singh has 20 years of experience and Mrs. Shashi Yadav has 15 years of experience in the industry. Also, Mr. Shyam Singh holds diploma in civil services.



Credit Risks:

- **Small Scale of operations:** The total operating income of the company has decreased from Rs. 4.94 Cr. in FY17 to Rs. 2.03 Cr. in FY18 due to lack of orders.
- **Intense competition and concentration of market:** The market constitutes of several small and large players which increases the competitive intensity. Also, the business operations are mainly concentrated in Uttar Pradesh.
- **Weak Debt Protection Matrix-** The debt protection matrix of the company is weak. In FY18, the ISCR stood at 0.87 times and DSCR stood at 0.78 times.
- **Highly dependent on government orders:** The operations of the firms are highly dependent on orders from government, irrigation department and other various local authorities. Change in government and govt. policies may affect the operations adversely.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **Astha Associates Er. & Contr.** 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

Astha Associates Er. and Construction, is an Etah based partnership firm, incorporated in 2003. The firm undertakes construction of check dams, roads and bridges, and is registered as an 'AA' class contractor with the irrigation department of Government of UP. Overall operations of the firm are managed by Mr. Shyam Singh Yadav.

Company Financial Performance

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Provisional	Audited
Operating Revenue	₹ Cr	2.03	4.94
EBITDA	₹ Cr	0.47	0.45
PAT	₹ Cr	0.10	0.10
Tangible Net worth	₹ Cr	1.01	1.37
Total Debt/Tangible Net worth	Times	5.35	2.26
Current Ratio	Times	2.91	2.16

Rating History for the last three years

S.No	Instrument /Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	2016	2015
1	Fund based Overdraft	Long Term	1.00	BWR B (Pronounced as BWR Single B) Outlook: Stable	N/A		
2	Non Fund Based Bank Guarantee	Short Term	5.00	BWR A4 (Pronounced as BWR A Four)			
	Total		6.00	₹ Six Crores Only			

Hyperlink/Reference to applicable Criteria

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



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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, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 13,22,500 Cr. In addition, BWR has rated over 7000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹62,000 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities

DISCLAIMER

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