

## Ajab Singh and Company

Rating	Amount	Rating Action
	In Rs. Crore	December 2016
Fund-based facilities	5.00 (reduced from 6.50)	[ICRA]BB- (Stable); Upgraded
Non-fund based facilities	15.00 (enhanced from 4.00)	[ICRA]BB- (Stable); Upgraded

ICRA has upgraded its long-term rating to [ICRA]BB- (pronounced ICRA double B minus) from [ICRA]B+ (pronounced ICRA B plus) on the Rs. 20.00-crore (enhanced from Rs. 10.50-crore) bank facilities of Ajab Singh and Company (ASCO)<sup>1</sup>. The outlook on the long-term rating is 'Stable'.

ICRA's rating upgrade is driven by the robust growth in ASCO's revenues, which has trebled over the past year as significant work was undertaken in one of its major project, resulting in healthy net profitability as well as return indicators. Order book position of company remains healthy and offers good revenue visibility. Moreover, the company is less vulnerable to raw material price fluctuation risk as the contracts include the price escalation clause. The rating also takes into account the experience of the promoters in the construction business. However, the rating is constrained by high geographical and customer concentration risk as the firm's operations are confined to the Delhi NCR region. Moreover, the likely drop in execution in FY2017 due to the gap between the completion of past orders and the execution of new orders is also taken into account. Furthermore, the rating factors in the partnership nature of business, which limits the financial flexibility of the firm and exposes it to capital withdrawal risks as has been experienced in the past.

Going forward, ASCO's ability to diversify its client base, timely execute the orders in hand and also secure fresh orders while maintaining adequate profitability will be the key rating sensitivity. Further, any significant advances or investment will be a key monitorable.

### Company Profile

Ajab Singh and Company is a partnership firm which was incorporated in 2009. The firm is involved in the construction of roads, flats, boundary wall and other civil engineering projects in the Delhi NCR region. Presently, the firm is a class-I contractor of Delhi Development Authority (DDA).

### Recent Results

The company reported a profit before tax (PBT) of Rs. 23.83 crore on an operating income of Rs. 169.02 crore in FY2016 as compared to a PBT of Rs 4.20 crore on an operating income of Rs. 56.92 crore in FY2015.

**December 2016**

<sup>1</sup> For complete rating scale and definitions, please refer to ICRA's Website, [www.icra.in](http://www.icra.in), or any of the ICRA Rating Publications.



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