

## Rating Rationale

### Rashi Sales

21<sup>st</sup> April 2017

**Brickwork Ratings assigns ratings for the Bank Loan Facilities amounting to Rs.5.50 Crores of Rashi Sales, Muzaffarnagar, Uttar Pradesh.**

#### Particulars

Facility	Sanctioned Amount Rs. Cr	Proposed Amount Rs. Cr	Tenure	Rating
<b>Fund Based:</b>				
Cash Credit	2.5	2.5	Long Term	BWR B+ (Pronounced as BWR Single B Plus) (Outlook: Stable)
<b>Non-Fund Based:</b>				
Bank Guarantee	3	1.5	Short Term	BWR A4 (Pronounced as BWR A Four)
ILC	-	1.5		
Total Fund Based	5.5	5.5	INR Five Crores Fifty Lakhs Only	

\*Please refer to BWR website [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the rating assigned.

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results of FY16 and projected financials for period FY17 and FY18 of Rashi Sales (or 'the firm'), publicly available information and information/clarification provided by the firm and Bank. The rating necessarily factors in, the proprietors' experience in the steel trading industry and locational advantage of the company, as close proximity to customers. The rating is constrained by high receivable days, lower profit margins due to trading nature of business and fragmented industry categorized by competition.

#### Rating Outlook: Stable

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 firm

Rashi Sales, formed in March 2013 by Shri Pankaj Kumar Rajvanshi, is a proprietorship concern trading in Sponge Iron. The firm is located at Meerut Road, in Muzaffarnagar district of Uttar Pradesh. It purchases Sponge Iron from business houses like Monnet Ispat, Bihar Sponge, Jindal Steel located in the neighboring states of Odisha, Jharkhand, Bihar. Sponge Iron is one of the key ingredients in manufacturing of Steel Ingots. The firm makes available the purchases to local

manufacturer of MS Ingots. Shri Pankaj Kumar Rajvanshi – the proprietor, with experience in Sponge Iron business, oversees the entire day to day operations and administration of the firm.

### Financial Performance

The firm reported Net Sales of Rs.16.85 Cr and an operating profit of Rs. 0.27 Cr in FY16. The firm has reported of Net Sales of Rs.18 Cr in 9MFY17.

### Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No	Instrument/Facility	Current Rating (Year 2017)				Rating History			
		Type	Amount Sanctioned (Rs Crs)	Amount Proposed (Rs Crs)	Rating	2016	2015	2014	
		<b>Fund Based</b>				Amount (Rs Crs)	Rating		
1	Cash Credit	Long Term	2.50	2.50	BWR B+ (Outlook: Stable)	NA	NA	NA	NA
		<b>Non-Fund Based</b>							
1	Bank Guarantee	Short Term	3.0	1.5	BWR A4	NA	NA	NA	NA
2	Inland Letter of Credit		-	1.5					

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Trading Entities](#)

Analytical Contacts	Media
Hemant Sagare Senior Manager - Ratings <a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>
	<b>Relationship Contact</b> <a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone: 1-860-425-2742</b>	

**For print and digital media**

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

**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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto: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.

**DISCLAIMER**

**Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.**