

Rating Rationale

Brickwork Ratings assigns 'BWR B' for the Bank Loan Facilities of aggregating ₹ 13.73 Cr of A S Wire Industries (VSP) Pvt Ltd.

Brickwork Ratings (BWR) has assigned the following **Rating¹** for Bank Loan facilities of A S Wire Industries (VSP) Pvt Ltd (*'VSP' or 'the company'*).

Facility	Limits (₹ Cr)	Tenure	Rating
<u>Fund Based:</u> Cash Credit	10.00	Long Term	BWR B (Outlook - Stable)
<u>Fund Based:</u> Term Loan	3.73		
Total	13.73	(INR Thirteen Crores & Seventy Three Lakhs only)	

BWR has principally relied upon the audited results up to FY13, publically available information and information / Clarifications provided by the company's directors.

The rating has interalia, factored the track record of directors, their experience in running similar business for more than a decade and established relationship with clients. However the rating is constrained by company's low profitability margins, low capacity utilization and low tangible net worth.

Background:

A S Wire Industries (VSP) Pvt Ltd was incorporated in 2011 as a private limited company by Mr. Ravi Kumar, Mr. A. Nagesh and other family members and commercial operations started in 2012. The Company is into steel wire, which is manufacturing MS Wire Rod, MS Wire and Wire Rod Coil. The raw materials are imported and these products are used in construction and as Electrode Etc. The Company is having product size varying between .85mm to 6.8mm. The company is located at Visakhapatnam, Andhra Pradesh. The Company's production capacity is around 1000 tonnes/month; current utilization is around ~50 per cent.

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

Management Profile:

The company's managing director, Mr. Ravi Kumar, is having more than 10 years of experience in manufacturing and trading of steel business. Mr. A. Nagesh is a graduate with more than 20 years of experience in same line of business.

Financial Performance:

During FY13, the net revenues from operations were ₹ 28.72 Cr. The firm's operating profit margin was 1.39 per cent in FY13 and the net profit margin was negative in FY13. Current ratio is at 1.11 times in FY13. The tangible net-worth stood at ₹ 4.08 Cr as on March 31, 2013, increased from ₹ 2.00 Cr in FY12.

Rating Outlook:

The rating reflects the position of the company in steel wire manufacturing industry. Going forward, the company's ability to increase its scale of operations, utilize its full capacity, increase its profitability and strengthen the net worth position will be the key rating sensitivities. The performance of the company is expected to be stable over the next one year.

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