



Rating Rationale

A S Wire Industries (VSP) Pvt. Ltd.

10May2019

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 10.01 Crores of A S Wire Industries (VSP) Pvt. Ltd..

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Jul, 2018)	Present
Fund based	10.63	10.01	Long Term	BWR B+ (Pronounced as BWR Single B Plus) Outlook:Stable	BWR B+ (Pronounced as BWR Single B Plus) Outlook:Stable [Reaffirmed]
Total	10.63	10.01	INR Ten Crores and One Lakh Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Ratings: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has primarily relied upon the audited financials up-to FY18, 8MFY19 provisionals, projected financials upto FY21, publicly available information and the information/clarifications provided by the management.

The rating has drawn strength from the established presence of the company & experienced management. However, the ratings are constrained by decline in revenue, high financial risk profile, volatility in raw material pricing and stiff competition in the industry.

Description of Key Rating Drivers

Credit Strengths:

- Adequate experience of the management in the line of activity, which has helped them to understand local market dynamics and established relationships with customers and suppliers



- Established track record in the business as the company is active since 2011

Credit Risks:

- Operating income of the company decreased from Rs.72.86 Crs in FY17 to Rs. 61.22 Crs in FY18
- High financial risk profile with low capital structure, high gearing and low debt protection metrics. Capital, interest service coverage ratio and debt coverage ratio were at Rs. 3.04 Crs , 0.88 x and 0.93x respectively as on 31st Mar 2018. Although there is an improvement in debt equity level i.e from 4.02x in FY17 to 3.66x in FY18, it is at high level on account of working capital limits
- Company is reporting fluctuating profitability margins on account of volatility in raw material prices
- The industry where the company operates is highly fragmented and competitive in nature with large number of players trying to increase the market share which generally put downward pressure on profitability margins

Going forward, the ability of the firm to increase its scale of operations significantly while maintaining the profitability margins, improve the capital structure by infusing own funds and efficiently manage its working capital will be the key rating sensitivities.

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 **A S Wire Industries (VSP) Pvt. Ltd.** 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

A S Wire Industries (VSP) Private Limited (ASWIPL) was incorporated in 2011 but the commercial operations of the company started in 2012. The company's registered office and the manufacturing unit is located at Ravada Village near NTPC Parawada, Visakhapatnam, Andhra Pradesh. The company is involved in casting of iron and steel, manufacturing of MS Wire Rods, MS Wire Coils etc.

Mr. Ravi Kumar is the Managing Director of ASWIPL. Mr. Jagadeesh, Mr. Mahesh Anumaliseti, Mr. Nagesh Anumaliseti, Mr. Gumpina Ramesh Guptha, Mr. Raj Kumar Anumaliseti and Mr. Ravi Kumar Anumaliseti are the other directors.



Company Financial Performance

The company has reported a total operating income of Rs.61.22Crores in FY18 and Rs.72.86 Crores in FY17. Operating and net profit margins reported at 2.75% and (0.23)% in FY18. Tangible net-worth stood at Rs.3.04Crs in FY18. Further, based on provisional financials, the firm reported operating income of Rs.45.51 Crs till Nov 2018

Rating History for the last three years

Facility	Current Rating (2019)			Rating History		
	Type	Amount (₹ Crs)	Rating	3.7.2018	22.2.2017	13.1.2016
Fund Based	Long Term	10.01	BWR B+ (Pronounced as BWR Single B Plus) Outlook:Stable [Reaffirmed]	BWR B+ (Pronounced as BWR Single B Plus) Outlook:Stable		
Total		10.01	₹ Ten Crores and One Lakh Only			

Status of non-cooperation with previous CRA : Not known to our knowledge

Any other information: Nil

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	Rs In Crores	61.22	72.86
EBITDA	Rs In Crores	1.68	1.09
PAT	Rs In Crores	(0.14)	(0.01)
Tangible Net worth	Rs In Crores	3.04	3.19
Total Debt/Tangible Net worth	In Times	3.66	4.02
Current Ratio	In Times	0.76	0.78



Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)

For any other criteria obtain hyperlinks from website

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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.



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.

Annexure - I

Facilities	Tenure	Previous Amount (In Crs)	Present Amount (In Crs)
Cash Credit	Long Term	10.00	10.00
Term Loan		0.63	0.01 [^]
Total		10.63	10.01

Note: [^] Term Loan outstanding amount as on 7.5.2019