



Rating Rationale

A S Wire Industries (VSP) Pvt. Ltd.

3 Jul 2018

Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹. 10.63 crore of A S Wire Industries (VSP) Pvt. Ltd.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Feb, 2017)	Present
Fund based	11.40	10.63	Long Term	BWR B+ (Pronounced as BWR Single B Plus) Outlook:Stable Reaffirmed	BWR B+ (Pronounced as BWR Single B Plus) Outlook:Stable <i>Reaffirmed</i>
Total	11.40	10.63	INR Ten Crore and Sixty Three 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 principally relied upon the audited financial statements up to FY17, projections of FY19 and publicly available information and information/clarifications provided by the Company.

The assigned ratings take into consideration the experience of the promoters in the industry and increased revenues. However, the ratings remain constrained by weak financial profile of the company marked by low net worth, high gearing, negative debt service coverage and interest coverage indicators reduced profit margins, stretched liquidity position and working capital intensive nature of business.

Going forward, the ability of the company to increase its scale of operations profitably, improve its credit profile and manage its working capital effectively will be the key rating sensitivities

Description of Key Rating Drivers



- **Credit Strengths:** Promoters have experience of more than a decade, revenue has increased from Rs. 33.51 crore in FY16 to Rs. 72.86 crore in FY17
- **Credit Risks:** Gearing level is 4.02 times and net worth of Rs. 3.19 crore as at March 31, 2017. debt coverage is 0.98 X in FY 17 and interest coverage indicator is 0.72 X in FY 17 operating profit margin is reduced from 3.2 % In FY16 to 1.5% in FY17 and net profit margin is reduced from 0.32% in FY16 to negative 0.01% in FY17

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. The company's registered office and the manufacturing unit is located at Survey No:175, Ravada Village near NTPC Parawada, Visakhapatnam, Andhra Pradesh. ASWIPL commenced operations in 2012 and 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

As per audited financials for FY17, the Company has achieved a Total operating income (TOI) of Rs. 72.86 crore and loss of Rs. 0.01 crore as against TOI Rs. 33.51 crore and PAT of Rs. 0.11 crore in FY16. The Company has Debt-equity ratio of 4.02 times and tangible net worth of Rs. 3.19 crore as on March 31, 2017. The Company has reportedly reached a revenue of Rs 72.24 crore as on March 31, 2018.



Rating History for the last three years

S.No	Facility	Current Rating (2018)			Rating History		
		Type	Amount (₹ Crs)	Rating	22. Feb. 2017	13. Jan. 2016	2015
1	Fund Based	Long term	10.63	BWR B+ (Pronounced as BWR Single B Plus) Outlook:Stable Reaffirmed	BWR B+ (Pronounced as BWR Single B Plus) Outlook:Stable Reaffirmed	BWR B+ (Pronounced as BWR Single B Plus)	Not Rated
Total			10.63	₹ Ten Crore and Sixty Three Lakh Only			

Annexure- I

Bank Name	Facility	Tenure	Previous amount (₹ Crs)	Present Amount (₹ Crs)
Lakshmi Vilas Bank	Cash Credit	Long Term	10.00	10.00
	Term Loan		1.40	0.63
Total			11.40	10.63



Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type			
Operating Revenue	crore	72.86	33.51
EBITDA	crore	1.09	1.10
PAT	crore	-0.01	0.11
Tangible Net worth	crore	3.19	3.18
Total Debt/Tangible Net worth	times	4.02	4.29
Current Ratio	times	0.78	0.82

Hyperlink/Reference to applicable Criteria

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

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, 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 ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

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.