



Rating Rationale

Aashiana Rolling Mills Ltd.

6th September, 2017

Brickwork Ratings assigns rating for the Bank Loan Facilities amounting to Rs. 26.00 Crs of Aashiana Rolling Mills Ltd.

Particulars:

Facilities Rated [#]	Amount (Rs. Crs)	Tenure	Rating *
Fund Based Limits			
Cash Credit Limit	21.50	Long Term	BWR BBB- (Pronounced BWR Triple B Minus) Outlook: Stable
(Working Capital Demand loan)	(20.00)		
Term Loan -1	1.50		
Term Loan (Proposed)	2.00		
Non Fund Based Limits			
Bank Guarantee	1.00	Short Term	BWR A3 (Pronounced BWR A Three)
Total	26.00	INR 26.00 Crores (INR Twenty Six Crores Only)	

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Rating Sensitivities:

BWR has principally relied upon the audited financial results of the company up to FY16, provisional financials of FY17, projected financial statements up to FY19, publicly available information and clarifications provided by the company.

The ratings reflect the extensive experience of the promoters of the industry, support of the group companies and a well-established relationship with customers. These rating strengths are partially offset by low profit margins which are further vulnerable to volatility in raw material prices and intense competition in the steel industry.

Key Rating Drivers:

- **Promoters extensive experience:**

6th September, 2017



Company's key personnel Mr. Devendrakumar Goyal (M.Tech – IIT Roorkee) has been associated with the steel industry for more than three decades. The other promoters, Mr. Anshum Goyal (MBA - IMI New Delhi) & Mr. Ankit Goyal (MBA- IIM Calcutta) run the group companies under the guidance of Mr. Devendra Kumar Goyal, the founder of the company and the Group.

- **Major Financial Parameters**

Revenues declined sharply from Rs. 296.56 Crs in FY15 to Rs. 207.34 Crs in FY 16 and have remained stagnant in FY17, majorly due to depressed steel prices. Profitability is low with net profit margins at 0.15% in FY16. However the same have improved to 0.40% in FY17.

With tangible net worth at Rs.28 Crs, gearing is satisfactory with total outside liabilities to tangible net worth at 1.16 in FY16. Liquidity is strained with current ratio at 0.96 (FY16) as long term assets have been created without matching long term funds. The company now proposes to avail a term loan to ease the liquidity. Debt service parameters are moderate.

The industry is competitive and highly fragmented and margins are vulnerable to volatile raw material prices. The company faces stiff competition from numerous players in the unorganized sector

Rating Outlook: Stable

BWR believes that Aashiana Rolling Mills Ltd.'s 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:

Aashiana Rolling Mills Ltd was incorporated in 2007 by Mr. D.K Goyal at Kerala, GIDC, Ahmedabad. The plant is located on own plot of area 36000 sq. mts. The installed capacity of the plant is 1.2 lakh MTPA with current utilization at 60%.



Company's Financial Performance:

Key Financial Figures			
Particulars	Unit	FY16 (Audited)	FY17 (Provisional)
Operating Income	Rs. Crores	207.34	187.49
EBITDA	Rs. Crores	4.59	5.24
PAT	Rs. Crores	0.28	0.76
Tangible Networkth	Rs. Crores	28.00	28.76
Total Debt	Rs. Crores	23.09	23.34
Total Debt : Equity	Times	1.16	1.27
Current Ratio	Times	0.96	1.29

Rating History for the last three years:

Sr. No.	Instrument/ Facility	Current Rating (Year 2017)			Rating History		
		Type	Amt in Crs	Rating	2016	2015	2014
1	Cash Credit Limit	Long Term	21.50	BWR BBB- Outlook: Stable	NA	NA	NA
2	(Working Capital Demand loan)		(20.00)		NA	NA	NA
3	Term Loan -1		1.50		NA	NA	NA
4	Term Loan (Proposed)		2.00		NA	NA	NA
5	Bank Guarantee	Short Term	1.00	BWR A3	NA	NA	NA
Total		26.00 Twenty Six Crores only					

Hyperlink/Reference to **Applicable** **Criteria:**

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

6th September, 2017



<u>Sunil Bharadwaj</u> AGM - Ratings analyst@brickworkratings.com	media@brickworkratings.com
	bd@brickworkratings.com
Phone: 1-860-425-2742	

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 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 ₹ 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.