



Rating Rationale

Abok Spring Pvt Ltd

06th July 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs.17.11 Crs (INR Seventeen Crores and Eleven Lakhs Only) of Abok Spring Pvt Ltd.

Particulars

Facilities	Amount (Rs in Cr)	Tenure	Rating
<u>Fund Based</u> Term Loan	0.89	Long Term	BWR BB+ Outlook-stable (Pronounced BWR Double B Plus)
Cash Credit	14.00		
Corporate Loan	1.22		
<u>Non Fund Based</u> Bank Guarantee	1.00	Short Term	BWR A4 (Pronounced BWR A Four)
Total	Rs. 17.11 Crs (INR Seventeen Crores and Eleven Lakhs Only)		

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial result of the company up to FY16, projections up to FY19 and publicly available information and information/clarification provided by the management.

The ratings have factored inter alia the promoters' extensive experience in the relevant Industry, 17% of year on year growth of the business and major supplier being Indian Railways. However, the rating is constrained by stretched capital structures, thin profitability margins and moderate liquidity position. Looking forward the company expects credit profile to improve substantially over the next two years mainly due to increase in demand for LHB coaches by Indian Railways.



Rating Outlook: Stable

BWR believes the **Abok Spring 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

Abok was incorporated in 1969 as Ashok Foundry and Metal Works Pvt Ltd. It is primarily in the business of manufacturing coil springs and leaf springs that are essential safety products used by railways. ASPL has been manufacturing coil spring and leaf spring for more than 4 decades and is one of the major 3 suppliers of coil spring to Indian Railways

Company Financial Performance

As per audited financial statements of FY16, the company has reported net sales of Rs.28.38Cr (including trading activities) and PAT of Rs. -0.54 Crs against net sales of Rs.41.94Cr (including trading activities) and PAT of Rs. -0.51 Crs in FY15. As per management of the company it has achieved gross sales of Rs 17.69 Cr as on 31st March, 2017.

Rating History for the last three years:

Sl. No.	Instrument /Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	2016	2015	2014
1	Term Loan	Long Term	0.89	BWR BB+ (Stable)	NA	NA	NA
2	Cash Credit		14.00				
3	Corporate Loan		1.22				
4	Bank Guarantee	Short Term	1.00	BWR A4			



Hyperlink/Reference to applicable Criteria

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