

Rating Rationale

Brickwork Ratings Upgrades long term rating from BWR B+ to 'BWR BB-' & Reaffirms short term rating 'BWR A4' for existing and enhanced Bank Loan Facilities aggregating ₹11.45 Cr of Akash Steel Crafts Private Limited

Brickwork Ratings (BWR) has *upgraded Ratings*¹ to BWR BB- (Pronounced BWR Double B minus) for the long term bank loan facilities of ₹ 6.45 Cr & *reaffirmed* BWR A4 (Pronounced BWR A four) for the existing and enhanced short term bank loan facilities of ₹ 5.00 Cr to Akash Steel Crafts Private Limited (“ASCPL” or “the Company”).

Facility	Previous Limits (₹ Cr)	Present Limits (₹ Cr)	Tenure	Rating History	Revised Rating
Fund Based (FB)					
Cash Credit	6.45	6.45	Long Term	BWR B+ (Pronounced BWR B plus) (Outlook -Stable)	BWR BB- (Pronounced BWR Double B minus) (Outlook -Stable)
Non - Fund Based (NFB)					
LC – Inland / Import	4.00	5.00	Short Term	BWR A4 (Pronounced BWR A Four)	BWR A4 (Pronounced BWR A Four)
BG		(5.00)			
FBG/LOU for Buyers' Credit		(5.00)			
Total Limits	10.45	11.45	(INR Eleven Crores & Forty Five Lakhs only)		

* Amounts in brackets (*) are sub-limits of the LC Facilities

BWR has principally relied upon audited financial results of FY14, provisional financials of FY15, publicly available information and information/clarification provided by the Company management.

The rating inter alia factors Diversified product portfolio which reduces the dependence on the performance of a particular industry and promoters' ability to infuse capital as per business requirements. The rating continues to factor promoter's extensive experience in steel industry and well established relationship with the customers. However the rating remains constrained by low net worth, thin margins, expose to exchange risk and not met the projected revenue for FY14. The rating is further constrained on account of Industry characterized by severe competition from organized and unorganized players in market.

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

Background

Dolphin Frozen Foods Pvt. Ltd was incorporated on 12th Dec 1996 and later the name was changed to Akash Steel Crafts Pvt. Ltd (ASCPL) on 8th Sep 2005, with the new management takeover of the Company. Mr. C.N Mohanan is the managing director having two decades of experience in steel manufacturing and trading. ASCPL is involved in manufacturing of Stainless Steel Pipes & Tubes. The Company's 35000 sq. ft. manufacturing facilities is located at Taloja, Maharashtra.

Financial Performance

Operating income of the Firm increased from Rs26.00 Cr in FY13 to Rs38.04 Cr as per provisional financials of FY15. Net worth of the Company is recorded at Rs2.68 Cr in FY15. Total debt of the Company increased from Rs7.69 Cr in FY14 to Rs9.61 Cr, as per provisional numbers of FY15. Gearing of the Company is recorded at 3.58 times in FY15, as compared to 10 times in FY14, on account of improved net worth. Interest coverage ratio and DSCR was recorded at 1.88 times and 1.93 times, respectively, in FY15. Current ratio is recorded at 1.06 times in FY15. ROCE was recorded at 13.30% in FY15. Operating profit margin of the Company primarily remained consistent at 4.13% in FY15.

Outlook

Going forward, the ability of the Company to effectively manage its working capital requirements, maintain low level of Debt / Equity ratio, expand its reach and consistent growth in revenues & profit margins remain the key rating sensitivities.

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