



## Rating Rationale

Ashiana Ispat Ltd

22 Nov 2017

**Brickwork Ratings upgrades the ratings for the Bank Loan Facilities of Rs. 34.00 Crs. of Ashiana Ispat Ltd.**

### Particulars

Facility Rated	Amount (Rs. Cr)		Tenure	Rating <sup>1</sup>	
	Previous	Present		Previous	Present
<b>Fund Based (FB)</b>					
Cash Credit	29.00	29.00	Long Term	BWR BB+ (Pronounced BWR Double B Plus) (Outlook -Stable)	BWR BBB- (Pronounced BWR Triple B Minus) (Outlook -Stable) (Upgraded)
<b>Non- Fund Based (NFB)</b>					
LC	4.50	4.50	Short Term	BWR A4+ (Pronounced BWR A Four Plus)	BWR A3 (Pronounced BWR A Three) (Upgraded)
BG	0.50	0.50			
<b>Total Limits</b>	<b>34.00</b>	<b>34.00</b>	<b>(INR Thirty-Four Crores Only)</b>		

<sup>1</sup> Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

### Rating Upgraded:

### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has primarily relied upon the audited financials up to FY17 and projected financials up to FY19, publicly available information and information/clarification provided by the company.

The upgradation in the ratings takes into account the improvement in its topline growth and profitability, comfortable debt protection metrics, adequate liquidity and increased net worth of the company. The company continues to draw strength from directors' business experience of more than 10 years, strong association with established clientele. However, rating is constrained by cyclical nature of industry susceptible to volatility in key raw material prices and intense competition in the steel industry.



### Rating Outlook: Stable

BWR believes the business risk profile of **Ashiana Ispat Ltd** 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.

**Key rating drivers:** Experience of the promoters is around 10 years. Revenue is improved from Rs. 190.59 Crs in FY16 to Rs 202.85 Crs in FY17. Profitability is low with net profit margins at 0.34% in FY16. However, the same have improved to 1.53% in FY17. The industry is competitive and margins are vulnerable to volatile raw material prices.

### About the Company

Ashiana Ispat Ltd was incorporated in the year 1992 also listed on the Bombay Stock Exchange. The company manufactures high tech and high value-added steel like TMT Bars and steel ingots for domestic construction, engineering, automotive and infrastructure sectors under the brand name 'Kamdhenu Saria'. Ashiana Ispat Ltd managed by the promoters Mr. Naresh Chand and Mr. Puneet Jain. Its manufacturing unit is in Bhiwadi, Rajasthan.

### Company Financial Performance

AIL reported net sales of Rs. 202.85 Crs and PAT of Rs. 3.10 Crs in FY17 as against net sales of Rs. 190.59 Crs and PAT of Rs. 0.65 Crs in FY16. As on FY17, the net worth stood at Rs. 26.13 Crs and debt of Rs. 45.51 Crs with debt: equity of 1.74 times.

### Rating History for the last three years

Si No	Facility	Current Rating (Year 2017)				Rating*		
		Type	Amount (Rs. Crs)	Rating (Mid Term Review)	Rating (Apr. 2017)	2016	2015	2014
<b>Fund Based (FB)</b>								
1	Cash Credit	Long Term	29.00	BWR BBB- (Pronounced BWR Triple B Minus) (Outlook - Stable) (Upgraded)	BWR BB+ (Pronounced BWR Double B Plus) (Outlook - Stable)	—	—	BWR BB (Outlook : Stable) (Rating Withdrawn)
<b>Non- Fund Based (NFB)</b>								



2	LC	Short Term	4.50	BWR A3 (Pronounced BWR A Three)	BWR A4+ (Pronounced BWR A Four Plus)	-	-	BWR A4 (Rating Withdrawn)
3	BG		0.50					
Total Limits			34.00	(INR Thirty-Four Crores Only)				

#### Hyperlink/Reference to applicable Criteria

- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short-Term-Debt](#)

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#### Annexure Key Financial Indicators

Key Parameters	FY 15 (Audited)	FY 16 (Audited)	FY 17 (Audited)
Net Sales/Revenues	262.11	190.59	202.85
EBIDTA	3.06	1.45	4.31
PAT	1.99	0.65	3.10
Tangible Net worth	22.58	23.12	26.13
Total Debt: TNW	2.78	2.41	1.74
Current Ratio	2.01	1.60	2.03

#### 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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

### **About Brickwork Ratings**

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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.

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