

## Rating Rationale

### Ashiana Ispat Limited

28<sup>th</sup> April 2017

**Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs. 34.00 Crores (INR Thirty Four Crores Only) of Ashiana Ispat Limited.**

#### Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating Recommendation
<b>Fund Based</b>			
Cash Credit	29.00	Long Term	<b>BWR BB+</b> (Pronounced as BWR Double B Plus) <b>(Outlook : Stable)</b>
<b>Non Fund Based</b>			
LC	4.50	Short Term	<b>BWR A4+</b> (Pronounced as BWR A Four Plus)
BG	0.50		
<b>Total</b>	<b>34.00</b>	<b>INR Thirty Four Crores Only</b>	

\* Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

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

BWR has essentially relied upon the audited financial results up to FY16, projections up to FY18 and publicly available information and information/ clarification provided by the management. The ratings have inter alia, factored director's business experience of more than 10 years, strong association with established customer base and its strong brand in the TMT bars industry. However, the rating is constrained by difficult industry scenario, susceptibility to volatility in raw material prices and low profitability margin. Going forward, the company's ability to scale up its operations with improvement in revenue, profitability and gearing ratio, prudent management of its working capital and company's ability to achieve the projections would be the key rating sensitivities.

#### Rating Outlook: Stable

BWR believes the **Ashiana Ispat 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

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 is managed by the promoters Mr. Naresh Chand and Mr. Puneet Jain. Its manufacturing unit is in Bhiwadi, Rajasthan.

### Company Financial Performance

As per audited financials of FY16, the company has reported revenue of Rs. 190.59 crs. against revenue of Rs. 262.11 crs in FY15. The net profit of the company is registered at Rs.0.65 crs in FY16 as compare to Rs. 1.99 crs in FY15. Tangible networth stood at Rs.23.12 crs.

### Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
	Facility Rated	Type (Long Term/Short Term)	Amount (Rs. Crs)	Rating	2016	2015	2014
	<b>Fund Based</b>						
1	Cash Credit	Long Term	29.00	<b>BWR BB+</b> (Pronounced as BWR Double B Plus) <b>(Outlook : Stable)</b>	-	-	-
	<b>Non Fund Based</b>						
2	LC	Short Term	4.50	<b>BWR A4+</b> (Pronounced as BWR A Four Plus)	-	-	-
3	BG		0.50				
	<b>Total</b>		<b>Rs. 34.00 Crs (INR Thirty Four Crores Only)</b>				

Status of non-cooperation with previous CRA (if applicable): Reason and comments: NA

Any other information: NA

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