

Rating Rationale



Ashish Exports

12 March 2018

Brickwork Ratings reaffirms ratings for the bank loan facilities of Ashish Exports.

Particulars

Facility		Previous Amount (in Rs. Crs)	Present Amount (in Rs. Crs)	Previous Rating (Dec-2016)	Rating Assigned	
Fund Based	Long Term	Cash Credit (Sub-limit to Line of Credit)	(2.00)	(2.00)	BWR B+ <i>(Pronounced as BWR Single B)</i> OUTLOOK : Stable	BWR B+ <i>(Pronounced as BWR Single B plus)</i> OUTLOOK : Stable Reaffirmed
	Short Term	Letter of Credit	15.00	15.00	BWR A4 <i>(Pronounced as BWR A four)</i>	BWR A4 <i>(Pronounced as BWR A four)</i> Reaffirmed
Total		15.00	15.00	INR Fifteen Crores Only		

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

Long term rating reaffirmed at BWR B+ (Outlook: Stable) and short-term rating reaffirmed at BWR A4.

Brickwork Ratings has relied upon audited financial statements up to FY17, publicly available information and other documents provided by the management, in order to review rating to the bank loan facilities of the company.

Rating Drivers/Rating sensitivities:

While reviewing the ratings of Ashish Exports (Aex or 'the entity), BWR has factored in the extensive experience of the proprietor of two decades in the menthol oil industry, locational advantages to the entity due to proximity to raw material sources, healthy exports which are aided by export incentives provided by government, improvement in sales level, capital structure and liquidity, and adequate hedging to mitigate the losses arising due to fluctuations in foreign exchange rates and commodity prices. The ratings are, however, constrained on account of below average coverage indicators, presence in a highly competitive and fragmented industry, demand risks due to presence of synthetic alternatives, susceptibility to fluctuations in the prices of raw material and foreign exchange rate, and constitution as a proprietorship concern which constrains the ability of the entity to raise funds.

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Ability of the promoter to increase the scale of operations' profitability by fetching long term orders and timely servicing of the debt obligations will be the key rating sensitivities.

Key Rating Strengths

- 1. Improvement in financial risk profile:** Mr. Ankur Aggarwal, proprietor, infused funds worth Rs. 0.41 Crs as capital and Rs. 1.42 Crs as quasi capital which helped the entity to increase its net working capital to Rs. 3.70 Crs in FY17. The rise in capital coupled with decline in utilisation of bank borrowings led to the improvement in TOL:TNW ratio from 3.02 times in FY16 to 1.44 times in FY17. Also, the current ratio increased has shown a substantial increase from 1.31 times in FY16 to 2.20 times in FY17.
- 2. Growth in revenue:** The sales level of the entity was subdued in FY17. However, the proprietor was able to increase the operating revenue to the level of Rs. 100 Crs approximately up to 2 February 2018 as informed by him. The entity is poised to grow with a healthy margin in FY18.

Key Rating Weaknesses

- 1. Low coverage indicators:** The entity has below average coverage indicators - ISCR of 1.44 times and DSCR of 1.21 times in FY17. This is attributable to low level of operating profits which are pervasive in the industry.
- 2. Proprietorship Concern:** The entity's fund raising capacity is constrained since it has been established as a proprietorship concern.
- 3. Susceptible to fluctuations:** Ashish Exports is susceptible to fluctuations in the prices of raw material and foreign exchange rate due to commoditized nature of raw material and high export and import transactions.

Analytical Approach: BWR has factored in the standalone business parameters and financial risk profile of the company to arrive at the rating. Reference may be made to the Rating Criteria hyperlinked below.

Rating Outlook: Stable

BWR believes the **Ashish Exports'** 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

Chandausi (Uttar Pradesh) based Ashish exports is a proprietorship concern established in 1999, currently managed by Mr. Ankur Aggarwal, proprietor, and is engaged in processing of menthol oil and allied products and exports 80% of its manufactured goods to its foreign customers majorly located in China.

Company Financial Performance

The company achieved gross sales level of Rs. 100.00 Crs as on 2nd February 2018 as informed by the proprietor.

Particulars	Units	FY2016	FY2017
		(Audited)	(Audited)
Total Operating Income	Rs. in Crores	62.66	54.81
EBIDTA	Rs. in Crores	1.16	1.35
PAT	Rs. in Crores	0.24	0.33
TNW	Rs. in Crores	2.84	3.35
TOL : TNW	Times	3.02	1.44
Current Ratio	Times	1.31	2.20

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

Sl. No.	Instrument/ Facility	FY 2018			Rating History		
		Type	Amount (Rs Crs)	Rating	FY17	FY16	FY15
1	Cash Credit	Long Term	(2.00)	BWR B+ Outlook: Stable Reaffirmed	BWR B+ Outlook: Stable	NA	NA
2	Line of Credit	Short Term	15.00	BWR A4 Reaffirmed	BWR A4		
TOTAL			15.00	INR Fifteen Crores Only			

Status of non-cooperation with previous CRA (if applicable): Not Applicable

Any other information: NA

Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)



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

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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.

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