



Rating Rationale

Ashish Ship Breakers Pvt. Ltd.

18th July, 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs. 50.00 Crores of Ashish Ship Breakers Pvt. Ltd.

Particulars:

Facilities	Tenure	Limits Rs. In Crs	Rating Recommendation
Fund Based Limits			
Cash Credit Facility- Ship Breaking	Long Term	(9.50)	BWR BB Outlook : Stable (Pronounced as Double B)
Cash Credit Facility- Trading		(9.50)	
Cash Credit Facility- Ship Dismantling		(50.00)	
Non Fund Based Limits			
ILC/FLC/ILG/FLG/BC- Ship Breaking	Short Term	50.00	BWR A4+ (Pronounced as A Four Plus)
ILC/FLC/ILG/FLG/BC- Trading		(50.00)	
TOTAL		50.00	INR Fifty Crores Only

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the Audited Financial results up to FY16, Provisional Financials of FY17, Projected Financials of FY18 and publicly available information and clarification provided by the Company's management.

The rating has factored in the extensive experience of the promoters in the business and the locational advantage to the firm; situated in Alang – Sosiya Ship Breaking Yard. The rating also considers the diversification by the company in to import and trading in steel scrap, which constituted about 30% of the revenue in FY16. The rating is, however, constrained by low scale of operations, thin profit margins and a high gearing. The profit margins are vulnerable to

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volatility in prices of steel, and adverse fluctuations in forex rates; though the same is mitigated to the extent of hedging undertaken by the company.

Rating Outlook: Stable

BWR believes that the Ashish Ship Breakers Pvt. Ltd.'s 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.

Background:

Ashish Ship Breakers Pvt. Ltd., is engaged in ship breaking activity since 1999 at Bhavnagar, Gujarat. The unit is situated at leasehold land by Gujarat Maritime Board (GMB) which is usually renewed on completion of the tenure of agreement. During April-17, the Company has established an import LC for USD 7.55 million for procuring a Swedish Vessel for scrapping.

The business operations are managed by the Directors, Mr. Ashish H. Agarwal & Mrs. Sonia A. Agarwal.

Financial Performance:

As per the audited financials for FY16, Company reported PAT of Rs. 0.48 crores on an operating income on Rs. 66.67 Crs as compared to net loss of Rs. 0.15 Crs on an operating income of Rs. 46.07 Crs in FY15.

As per provisional financials of FY17, the Company reported a revenue of Rs. 68.46 Crs.

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

Sl. No.	Instrument/ Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs. In Crs)	Rating	2016	2015	2014
1	Cash Credit Facilities	Long Term	(50.00)	BWR BB Outlook : Stable	NA	NA	NA
2	ILC/FLC/ILG/FLG/BC	Short Term	50.00	BWR A4+	NA	NA	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:

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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.

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