

Press Release

Brickwork Ratings assigns 'BWR B+' & 'BWR A4' for the Bank Credit Facilities aggregating ₹ 6.10 Cr of Ashish Steel

Brickwork Ratings (BWR) has assigned the following **Rating¹** for Long Term Bank Credit Facilities of ₹ 4.10 Cr and the Short Term Bank Credit Facilities of ₹ 2.00 Cr of Ashish Steel (*AS or the Company*).

Facility	Limits (₹ Cr)	Tenure	Rating
Fund Based (FB) Cash Credit	4.10	Long Term	BWR B+ (BWR B plus) (Outlook: Stable)
Total FB	4.10		
Non Fund Based (NFB) Imp/Inland LC	2.00	Short Term	BWR A4 (BWR A Four)
Total NFB	2.00		
Total FB + NFB Limits	6.10 (INR Six Crores and Ten Lakhs only)		

BWR has principally relied upon the audited financial results up to FY13 and financial projections, publicly available information and information/clarification provided by the Company management.

The rating inter alia, factors the experience of the promoters, long standing relations with reputed customer base, strong revenue growth in FY13, satisfactory operating margins and promoter's ability to infuse equity as per business requirement.

The rating is however constrained by company's relatively small scale of operations with revenue growth linked to the timeliness of project execution by the large clients, profitability highly susceptible to volatility in input cost and limited ability to pass on increase in cost to customers, high competitive nature of industry with many unorganized players and limited scope for diversification.

Background

Ashish Steel, established in 1996, is a supplier of various types of rails, crane rails, rail clamps and railway accessories. The firm was established as a proprietary firm by Mr. Ashish Shah. The registered office of the firm is based in Lower Parel, Mumbai. The firm caters to various companies who are connected with different industries such as EOT cranes and

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

material handling equipment, conveyor systems, Steel plant equipment manufacturers, cement factories for wagon loading etc.

The firm provides 14-15 different sizes of rails (narrow gauge, meter gauge, broad gauge and special crane rails) these include both brand new rails and also used/second hand rails. The firm also stock imported rails which are as per German, American and Chinese standards. Apart from rails, the firm also supplies accessories like Fish plates & Fish Bolt Nuts which are used to join two rail pieces and Rail Clamps.

Financial Performance

Revenues of the firm increased by 15.4% to Rs.33.80Cr in FY13 compared to Rs.29.29Cr in FY12. In FY13, operating profit levels have increased to Rs.3.37Cr from Rs.2.23Cr in FY12, whereas margins increased to 9.97% from 7.63% in FY12 on account of better operating efficiency. The net profit level has increased to Rs.2.78Cr with margins of 8.21% in FY13 from Rs.1.80Cr with margins of 6.15% in FY12.

The net-worth of the Company stood at Rs.5.55 Cr as on FY13 as compared to Rs.5.43 Cr as on FY12. The total debt levels of the Company as on FY13 was Rs.3.21 Cr as compared to Rs. 4.45 Cr as on FY12.

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