

Rating Rationale

Ashish Vessel Demolition Pvt. Ltd.

18th July, 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs. 30.00 Crores of Ashish Vessel Demolition Pvt. Ltd.

Particulars:

| Facilities | Tenure | Limits Rs. In Crs | Rating Recommendation |
|--|---------------|----------------------|--|
| Fund Based Limits | | | |
| Cash Credit Facility- Ship Breaking | Long Term | (6.50) | BWR B+ Outlook : Stable (Pronounced as B Plus) |
| Cash Credit Facility- Trading | | (7.00) | |
| Cash Credit Facility- Ship Dismantling | | (30.00) | |
| Non Fund Based Limits | | | |
| ILC/FLC/ILG/FLG/BC- Ship Breaking | Short Term | 30.00 | BWR A4 (Pronounced as A Four) |
| ILC/FLC/ILG/FLG/BC- Trading | | (30.00) | |
| TOTAL | | 30.00 | INR Thirty 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, the locational advantage to the firm; situated in Alang – Sosiya Ship Breaking Yard, the organizational and management support from the other group unit “Ashish Ship Breakers Pvt. Ltd”. However, there has been no ship breaking activity since FY15 and the company does not propose to do so in the medium term.

No revenue was reported in FY16 and a comparatively minor revenue of Rs.0.50 Crs (on account of trading in steel scrap) has been reported in FY 17. In absence of a major business



activity, the company is not utilizing the credit facilities. The management is yet to firm up on the business plans, ship breaking or otherwise.

Rating Outlook: Stable

BWR believes that the Ashish Vessel Demolition 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 company firms up its business plans and commences operations. The rating outlook may be revised to 'Negative' if there is a substantial delay by the company in crystallizing the business plans and commencing of operations.

Background:

Ashish Vessel Demolition Pvt. Ltd, is engaged in ship breaking activity since 2003 at Bhavnagar, Gujarat. The unit is situated at leasehold land by Gujarat Maritime Board (GMB) and it is renewed on completion of the tenure of agreement. The Company has not procured a vessel for scrapping since last two years.

Management Profile:

The Company is managed by Mr. Harikrishna B Agarwal & Mrs. Padma Agarwal. The key personnel is Mr. Ashish Harikrishna Agarwal, who is also associated with the group company M/s Ashish Ship Breakers Pvt. Ltd

Financial Performance:

As per the audited financials for FY16, the Company has not reported any operating income and has incurred a net loss of Rs. 0.04 Crs as compared to a net profit of Rs. 0.07 Crs on an operating income of Rs. 23.14 Crs in FY15.

As per provisional financials of FY17, the Company reported a revenue of Rs. 0.50 Crs and a PAT of Rs.0.01 Crs.

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 | (30.00) | BWR B+ Outlook : Stable | NA | NA | NA |
| 2 | ILC/FLC/ILG/FLG/BC | Short Term | 30.00 | 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

| Analytical Contacts | Media |
|--|---|
| Mr. Sunil Bharadwaj AGM-Ratings analyst@brickworkratings.com | media@brickworkratings.com |
| | Relationship Contact bd@brickworkratings.com |
| Phone: 1-860-425-2742 | |

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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

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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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