

Rating Rationale

Ashtamangal Stainless Pvt Ltd

17th January 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Ashtamangal Stainless Pvt Ltd. (ASPL)

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating *
Fund Based:			
OCC/ODBD	6.50	Long Term	BWR BB- (Pronounced as BWR double B minus)
(Sub limit ODBD)	(6.50)		
(Sub limit Buyers Credit)	(3.00)		
(Sub limit Advance Payment)	(2.00)		
Total	6.50 (Rupees Six Crores and Fifty Lakhs Only.)		

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the Company's audited financial results of FY14, FY15 & FY16, projections for FY17 & FY18, publicly available information and clarifications/information provided by the management.

The rating draws strength from the adequate experience of promoters in the business, healthy growth in revenues, improvement in the liquidity and gearing levels of the company. The ratings are however, constrained by ASPL's low profitability and the vulnerability of its profit margins to adverse movement in Forex rates. The rating also takes in to account the continuing high gearing, stiff competition in Indian steel industry from overseas markets and customer concentration risk.

Rating Outlook: Stable

BWR believes the Ashtamangal Stainless Pvt 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 profitability and gearing show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues decline and profit margins show lower than expected figures.

About the Company:

Ashtamangal Stainless Pvt Ltd., formerly known as Rishikesh Metal Pvt Ltd was incorporated on 10th Dec. 2011 by Mr. Kailash Samdani and Mr. Yogesh Samdani. In 2013, Mr. Yogesh Samdani left the company and Mrs. Santosh Samdani joined as director of the company. The company commenced its operation from July 2013. The company is engaged in trading of stainless steel and alloy steel scrap, ingot, round bar, flats grade 304, 200 series and 400 series. The Company is procuring scrap indigenously as well as from international markets. The scrap is bifurcated according to quality and supplied to various customers in India.

Company Financial Performance:

There is a steep increase in revenue from Rs.21.11 Crs in FY15 to Rs.47.78 Crs in FY16. Liquidity and gearing ratios have improved in FY16. Though EBIDTA has increased from 1.47% in FY15 to 2.72% in FY16, the net profit margins have declined due to higher finance costs. ISCR has remained stressed in FY16.

The company has recorded net sales of Rs. 31.37 Crs in FY17, for the eight month period ended Nov 2016.

Rating History for the last three years:

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type(Long Term/Short Term)	Amount (RsCrs)	Rating	2016	2015	2014
1	OCC/OBBD	Long Term	6.50	BWR BB-	--	--	--

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Trading Entities](#)
- [Approach to Financial Ratios](#)

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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.

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.