

## Rating Rationale

### Brickwork Ratings reaffirms the Long term ratings as 'BWR BB+' and the Short Term ratings as 'BWR A4+' for the Bank Loan Facilities amounting to ₹13.83Cr of Ashutosh Metal Private Limited

Brickwork Ratings has reaffirmed the **Ratings<sup>1</sup>** for the Bank Loan Facilities of Ashutosh Metal Private Limited (AMPL), amounting to Rs.13.83Crores from Punjab National Bank as follows:

Facility	Limit (₹ Cr)		Tenure	Previous Rating	Present Rating
	Previous	Present			
<b>Fund Based</b>					
Term Loan	1.00	<b>0.58</b>	<b>Long-Term</b>	BWR BB+ (Pronounced BWR Double B Plus) (Outlook:Stable)	<b>BWR BB+ (Pronounced BWR Double B Plus) (Outlook:Stable)</b>
Cash Credit	12.00	<b>12.00</b>			
<b>Non-Fund Based</b>					
Bank Guarantee	1.25	<b>1.25</b>	<b>Short-Term</b>	BWR A4+ (Pronounced BWR A Four Plus)	<b>BWR A4+ (Pronounced BWR A Four Plus)</b>
<b>Total</b>	14.25	<b>13.83</b>	<b>INR Thirteen Crores &amp; Eighty Three Lacs only</b>		

As per the Sanctioned Letter:

- Fund Based Working Capital limits are fully interchangeable between CC, EPC/PCFC and FBD/EBR.
- Credit limit exposure of Rs.0.18crs is the sublimit under NFB
- LCs/Buyer's Credit of Rs.1.50crs is the sublimit within FB limit.

**Rating mandate is for Rs.14.69Crores. However the rating was carried out for the amount of Rs.13.83crores, as the outstanding portion of term loan was considered for this purpose.**

BWR has essentially relied upon the audited financial results up to FY15 & provisional financial of FY16, publicly available information and information/clarification provided by the company's management.

The rating continues to factor in the promoters' experience in steel industry, efficient utilization of assets, improved profitability margins, and the ability of paying off its short term obligations. However, the rating is constrained by low net-worth and decreasing top line with substantial fall in its scale of operations.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

### Background:

Ashutosh Metal Private limited was incorporated in 1999 as a closely held private limited Company. The company is engaged in manufacturing of Stainless steel Ingots and flats which are used in various industries such as manufacture household utensils, manufacturing of SS Pipes, manufacture of furniture, etc. The company's manufacturing facilities are located in Ahmedabad, Gujarat and has invested in M/s Avdesh Steel works Pvt. Ltd (100% subsidiary of Ashutosh Metal Private Limited) which is into the manufacturing of Ingot from Scarp.

### Financial Performance:

During FY15, company's net revenue was Rs.127.72Crores and PAT was Rs.0.84Crores against net revenue of Rs.118.38Crores and PAT of Rs0.85Crores in FY14. The Operating profit margins and Net profit margins were 2.71%% and 0.66% respectively. Tangible Net-worth was Rs.14.81Crores. Further the current ratio stood at 1.25 as on FY15.

As per the provisional of FY16, Net revenue stood at Rs.98.29Crores, PAT stood at Rs.1.06Crores, Operating profit margins stood at 3.15%, Net profit margin stood at 1.01% and Net-worth at Rs.15.87Crores.

### Rating Outlook:

The company's performance over the next year is expected to be stable. Going forward, the company's ability to increase its scale of operations, maintain and increase its turnover, increase its profitability and improve margins will be key rating sensitivities.

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