

Rating Rationale

Astrotech Steels Private Limited

13 September 2017

Brickwork Ratings Reaffirms long term Rating and upgrades short term rating for the Bank Loan Facilities of Rs.51.18 Crs of Astrotech Steels Private Limited

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating	
	Previous	Present		Previous	Present
Fund Based Term Loans	22.37	15.18	Long Term	BWR BBB (Pronounced BWR Triple B) Outlook: Stable	BWR BBB (Pronounced BWR Triple B) Outlook: Stable Reaffirmation
EPC / PCFC	15.00	18.00	Short Term	BWR A3 (Pronounced as BWR A Three)	BWR A3+ (Pronounced as BWR A Three Plus) Upgraded
FBD (Non LC) / EBR	13.00	15.00			
Derivative / FC / CEL	-	3.00			
Total	50.37	51.18		(INR Fifty Crores and Thirty Seven Lakhs only)	(INR Fifty-one Crore and eighteen 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 principally relied upon the audited financial results up to FY17 and Projections up to FY19 of Astrotech Steels Private Limited, publicly available information and information/clarification provided by the company.

The rating draws strength from the professional and experienced management in steel fastener industry, continuous growth in the revenues and profit. The rating also draws comfort from the company being one of the major exporter of fasteners to the reputed clients from diversified industries in USA. The ratings are, however, constrained by highly fragmented and competitive nature of the industry with exposure to volatility in raw material prices

Going forward, sustaining the current income-profit, achieving the futuristic projections by effectively managing the working capital cycle and catering their products to different locations, clientele base and exploring new demands will be the key rating sensitives.

Rating Outlook: Stable

BWR believes the **Astrotech Steels Private Limited** 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.

About the Company

Astrotech Steels Private Limited (ASPL), incorporated in November 2011 at Sri City Special Economic Zone (SEZ), Chittoor District in Andhra Pradesh. ASPL is an export oriented unit primarily engaged in the manufacture and export of collated and bulk fasteners (nails). Collated nails like Plastic Strip, Wire Coil Strip, Paper Strip, and Bulk nails etc

ASPL Plant is spread over an area of 4.94 Acres, which is taken on a 99 years lease. It is located in one of the top industrial hubs in India, with close proximity to three major sea ports that have global connectivity to all major ports of the world.

The Promoters includes Mr. Arun Miranda, Mr. Jaison Joseph, Mr M Rajashekar, Mrs. Francina Miranda, Mrs. Deepa Jaison Joseph and Mrs. Umalakshmi Rajashekar.



Key Rating Drivers

- **Professional and Experienced Management** : The company promoters comprises well experienced and eminent industrialists.
- **Healthy Operating Income** : Company's total operating income increased to Rs.186.03 Crs in FY17 from Rs.166.10 Crs in FY 16. Revenue is further likely to improve due to increase in demand. Networth increased from Rs.23.57 Crs in FY16 to Rs.45.67 in FY17
- **Client concentration risk** : The top 5 reputed clients from USA account to ~65% of total annual revenue, leading to customer concentration risk. However the risk is expected to get mitigated to some extent by catering to new locations and clientele base

Company Financial Performance

As per Financial Statement of FY17, Total Operating Income is ₹186.03 Cr, Net profit of the company is ₹22.07 Cr and The company net worth stands at ₹45.67 Cr.

Key Financial Indicators

Particulars	FY14 (Actuals)	FY15 (Actuals)	FY16 (Actuals)	FY17 (Actuals)
Total Income (In Crs)	64.01	111.38	166.10	186.03
EBIDTA (In Crs)	10.48	14.11	23.94	30.43
PAT (In Crs)	2.30	5.21	14.19	22.07
Net worth (In Crs)	10.76	16.01	23.57	45.67
Total Debt / TNW (Times)	3.48	2.58	1.86	0.83
Current Ratio (Times)	1.15	1.16	1.35	1.60

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

Sl. No.	Instrument /Facility	Rating History						
		Type (Long Term/Short Term)	Previous Rated Amount (Rs Crs)	Present Rated Amount (Rs Crs)	Rating	2016	2015	2014
1.	Term Loans	Long Term	22.37	15.18	BWR BBB	BWR BBB	BWR BBB	NA
2.	EPC / PCFC	Short Term	15.00	18.00	BWR A3+	BWR A3	BWR A3	NA
3.	FBD (Non LC) / EBR		13.00	15.00				
4.	Derivative / FC / CEL		-	3.00				
Total Amount to be Rated			50.37	51.18 (Fifty one crores and eighteen lakhs only)				

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Short Term Debt](#)
- [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.

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