

## Rating Rationale

### Brickwork Ratings reaffirms 'BWR BBB' & 'BWR A3' for the Bank Loan Facilities of Astrotech Steels Private Limited

Brickwork **Rating**<sup>1</sup> (BWR) has reaffirmed 'BWR BBB' (Pronounced BWR Triple B) with a stable outlook for the long term Bank Loan Facilities of ₹22.37 Cr and 'BWR A3' (Pronounced BWR A Three) for the short term Bank Loan Facilities of ₹ 28 Cr of Astrotech Steels Private Limited.

Facility	Current Limits (₹ Cr)	Previous Limits (₹ Cr)	Tenure	Rating
Long Term Fund Based Facility <b>Term Loan</b> <b>Proposed Term Loan</b>	<b>22.37</b> NA	20.89 7.12	<b>Long Term</b>	<b>BWR BBB</b> <b>(Pronounced BWR Triple B)</b> <b>Stable: Outlook</b>
Short Term Fund Based Facility <b>PC</b> <b>FBP/FBN</b> <b>Proposed Working Capital</b>	<b>15.00</b> <b>13.00</b> NA	11.30 11.60 9.09	<b>Short Term</b>	<b>BWR A3</b> <b>(Pronounced BWR A Three)</b>
<b>Total</b>	<b>50.37</b>	<b>INR (Fifty Crores and Thirty Seven Lakhs Only)</b>		

BWR has principally relied upon the audited financial results upto FY16, projected financials, publicly available information and information/clarification provided by the Company management.

The rating continues to factor in experience of the promoters in steel fastener industries, growing demand for its product, wide application of the same across various industries and comfortable profitability margins. The ratings Continues to remain constrained on account of limited track record of the operations, strong linkages to construction sector and Exposure to foreign exchange risk.

### Company Profile

Astrotech Steels Private Limited (ASPL), incorporated in November 2011 and promoted & managed by Mr Arun Miranda, Mr Jaison Joseph and Mr M Rajashekar. ASPL is a 100% export oriented unit situated at Sri City Special Economic Zone (SEZ), Chittoor District in Andhra Pradesh. ASPL is primarily engaged in the manufacture and export of collated and bulk fasteners (nails). Collated nails like Plastic Strip, Wire Coil, Paper Strip, and Bulk nails etc are some of company's core products. 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 excellent global connectivity to all major ports of the world. The entire operation is governed by stringent quality systems that ensure consistent quality and continuous improvement of all company's processes

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

## Financial Performance

Total Operating Income increased by 49.6% to Rs167.07Cr in FY16. Majority of the sales continues to be derived from export market. Operating Margin improved marginally to 13.59% in FY16 v/s 12.47% in FY15. PAT margins stood at 8.5% in FY16. As of July 2016, Company has reported turnover of Rs58.78Cr.

## Rating Outlook

The ability of ASPL to increase its scale of operations along with improving profitability margins, capital structure, and maintained coverage ratio continues to remain the key rating sensitivity.

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