



Rating Rationale

Avdesh Steel Works Pvt. Ltd.

10th Feb 2017

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of Avdesh Steel Pvt. Ltd.

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Fund Based				BWR BB-	BWR BB-
Cash Credit	3.80	3.80	Long Term	(Pronounced as BWR Double BB Minus)	(Pronounced as BWR Double BB Minus)
Term Loan	4.35	3.56		Outlook: Stable	Outlook: Stable
Non-Fund Based				BWR A4	BWR A4
Letter of Credit	1.80	1.80	Short Term	(Pronounced as BWR A Four)	(Pronounced as BWR A Four)
Total	Rs. 9.95 Crores	Rs. 9.16 Crores (Rupees Nine Crores and Sixteen Lakhs Only.)			

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

Rating Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The re-affirmed ratings draw its comfort from experience and expertise of the promoters in the industry, established relationship with its existing clients, and performance of the company in line with its projections. The rating is; however, constrained by susceptibility of margins to adverse movement in raw material prices, highly geared operations with low net-worth, low profitability margins and limited flexibility of company in terms of pricing power as the industry is highly competitive.



Going forward the ability of the company to increase the scale of operations, improve profitability margins, and strengthen its capital structure would be the key rating sensitivities.

Rating Outlook: Stable

BWR believes the **Avdesh Steel 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 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

Avdesh Steel Works Pvt. Ltd. is into the manufacturing of ingot from scarp. It is 100% subsidiary of Ashutosh Metal Pvt. Ltd. Company started its commercial production on 25th Feb 2015, with a production capacity of 12000 TPA (tons per annum).

Company Financial Performance

Company has achieved net sales of Rs 36.77 Crs in FY16 and profit after tax of Rs 0.38 Crs. For FY16, tangible net-worth reported by the Company was Rs 2.89 Crs. Debt-Equity in the same period was 4.58x with ISCR and DSCR at 3.09x and 2.33x respectively.

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	2016	2015	2014
1	Fund Based Cash Credit Term Loans	Long Term	7.36	BWR BB-	-	BWR BB-	N/A
2	Non Fund Based Line of Credit	Short Term	1.80	BWR A4	-	BWR A4	N/A



Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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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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