Press Release

Brickwork Ratings assigns Ratings of BWR B+ for long-term and BWR A4 for short-term Bank Loan Facilities aggregating to ₹ 12 Crores of Azad Ispat India Pvt. Ltd.

Bank Loan Rating: BWR B+	Outlook : Stable

Brickwork Ratings (BWR) has assigned the Ratings[1] of **'BWR B+'** with a Stable outlook for the long term and **'BWR A4'** for short term Bank credit facilities of ₹ 12 Crores.

Facility	Limits (₹ Cr)	Tenure	Rating
Cash Credit	9.00	Long Term(FB)	BWR B+ (Pronounced as BWR B Plus) (Outlook-Stable
Inland LC	3.00	Short Term (NFB)	BWR A4 (Pronounced as BWR A Four)
Total	12.00	INR Twelve Crores only.	

The rating factors, inter alia, the experience of promoter in the Steel industry, good customer base and well reputed brand name "**Azad Steel TMT**". However, the rating is constrained by low profit margins, low tangible net worth, high debt equity ratio and inadequate current ratio.

Background of the Company:

Azad Ispat India Pvt Ltd is a private company based in Bengaluru, Karnataka. It was established in 2007 by Mr. Ameer Azad. The directors of the company are Mr. Sumeer Azad, Mr. Tanveer Azad, Mr. Musaveer Azad and Mr. Ameer Azad. The Chairman of the company, Mr. Ameer Azad, has an experience of 30 years in the same line of business. Mr. Sumeer Azad is in the same line of business for 10 years. Azad Ispat mainly deals in manufacturing of Steel Ingots & TMT bars. The major customers of the company are multinationals. The purchases for the company are made domestically. The key suppliers of the company are BEML and SAIL.

[1] ***Please refer to BWR website www.brickworkratings.com for definition of the Ratings.***

Azad Ispat India Pvt Ltd has availed credit facilities from Union Bank of India, Bangalore. The overall limit provided by the Bank amounts to ₹12 Crores in FY12. The facilities consist of Cash Credit limits of ₹ 5 Crores and Inland LC limits of ₹ 3 Crores.

Financials:
During FY12, the net revenue from operations increased to ₹ 53.88 Crores from ₹ 46.40 Crores in FY11. The company's profitability is very low with operating profit margin of 2.26 per cent and net profit margin of (4.28) per cent for FY12 due to capacity underutilization. ISCR has decreased from 1.96 times in FY 11 to 1.02 times in FY 12. Current ratio has decreased from 1.69 times in FY 11 to 1.34 times in FY 12, due to increase in creditors payable. Debt equity ratio is high with 4.34 times in FY12 due to high borrowings. The tangible net-worth is low with 5.45 crores for FY12.

Ability of the firm to improve sustainability of operations in the face of low turn-over, mitigating customer concentration risk, ability of the company to achieve its projected turn over and maintain operational efficiency will be the key rating sensitivities.

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