

## Rating Rationale

Vallabh Ispat.

17 July 2017

**Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of Rs. 5.35 Crores of Vallabh Ispat.**

### Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
<b>Fund Based</b>					
Cash Credit	4.50	4.50	Long Term	BWR B+ Outlook:Stable (Pronounced BWR B Plus)	BWR B+ Outlook:Stable (Pronounced BWR B Plus)
Term Loan-I	0.12	Paid			
Term Loan-II	0.63	0.25			
<b>Non-Fund Based Guarantee (Financial)</b>			Short Term	BWR A4 (Pronounced BWR A Four)	BWR A4 (Pronounced BWR A Four)
<b>Total</b>	<b>5.85</b>	<b>5.35</b>	<b>Rs. 5.35 Crores (Rupees Five Crores and Thirty Five Lakhs Only.)</b>		

^ Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings . Term Loan Outstanding as on 30<sup>th</sup> June 2017

### Rating Reaffirmed

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

The Rating reaffirmation factors the experience of promoters and locational advantage of the plant. The Ratings are constrained by limited size and scale of operations, limited product diversification and inherent risks associated with partnership nature of firm

### Rating Outlook: Stable

BWR believes the **Vallabh Ispat's** 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

Vallabh Ispat was established in August 2011. The firm started commercial operations in April 2012. The firm is located in Bhavnagar, Gujarat. The firm manufactures MS Billets and Alloy Billets. The production capacity of plant is 14400 tons per annum and utilization capacity is 90-95%. The firm uses steel scrap as raw material. The firm sells its products to customers based in Rajkot, Ahmedabad and Bhavnagar. The firm procures its raw materials from Alang and Bhavnagar

### Company Financial Performance

The Net Sales have decreased from Rs 49.95 Crores in FY 15 to Rs 35.45 Crores in FY 16. The Profits After Tax have decreased from Rs 0.73 Crores in FY 15 to Rs 0.06 Crores in FY 16. On Provisional basis for FY 17, The Net Sales stand at Rs 39.74 Crores.

### 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	31 May 2016	Date in 2015	Date in 2014
1)	Cash Credit	Long Term	4.50	BWR B+ (Outlook :Stable)	BWR B+ (Outlook: Stable)	NA	NA
2)	Term Loan-I	Long Term	Paid				
3)	Term Loan-II	Long Term	0.25				
4)	Guarantee (Financial)	Short Term	0.60	BWR A4	BWR A4		

NA-Not Applicable



## Hyperlink/Reference to applicable Criteria

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

Analytical Contacts	Media
<u><i>Dinesh Mahabal</i></u> <u><i>GM-Ratings</i></u>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<b>Relationship Contact</b> <a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone: 1-860-425-2742</b>	

### 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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto: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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