

Press Release

Brickwork Ratings assigns “BWR IPO Grade 2” to the proposed Initial Public Offer of Aster Silicates Limited.

Aster Silicates Limited

**IPO Grading: BWR IPO Grade 2
(Below Average Fundamentals)**

Brickwork Ratings (BWR) has assigned “BWR IPO Grade 2” to the proposed IPO of Aster Silicates Limited. Brickwork Ratings’ BWR IPO Grade 2 indicates below average fundamentals for the issue in relation to the other listed equity securities in India.

The grading factors Aster Silicates Ltd (ASL) management’s experience in Chemical Industry, investment in energy efficient triple pass regenerative and recuperative end fired glass furnace and absence of substitute product for sodium silicate. The grading is constrained by company’s track record of negative cash flows from operating and investing activities, low profit margins, high customer concentration, absence of diversified product portfolio and below par corporate governance practices.

The Company was incorporated in 1996 as Arbuda Steel Private Limited. The name of the Company was changed to Aster Silicates Private Limited in April 2006 It became a public limited company in December, 2009 as Aster Silicates Limited.

ASL commenced manufacture of Sodium Silicate in July 1997. The company operates two units at Kheda and Bharuch in Gujarat, with an installed capacity to produce 100 and 50 metric tones per day (MTPD) of sodium silicate respectively. Both the units use triple pass regenerative and recuperative end fired glass furnace with multiple fuel arrangement.

ASL manufactures food grade sodium silicate in glass and liquid form. Food grade sodium silicate is used in the manufacturing of silica precipitate and gel which finds applications in toothpaste, salt, cosmetics, glucose powder, tire & rubber and pesticides etc.

ASL is undertaking expansion of manufacturing facilities at Bharuch facility from current capacity of 50 MTPD to 350 MTPD of sodium silicate. The green field capacity expansion is being undertaken on the land owned by the company and no further land is being purchased. The project cost is estimated by the company at Rs 44 crs. Part of the issue proceeds of Rs 7.5 crs will be used for meeting the working capital needs.

The company is raising Rs 53.10 crs by Initial Public Offer of [•] equity shares with face value of Rs.10 per share at a premium to be decided by book building process. The funds requirement for the project is neither appraised nor funded by any bank / financial institution. In absence of participation by bank/ financial institution the utilization of issue proceeds will be by the company.

Aster Silicates Limited is promoted by Mr. Mahesh Maheshwari (aged 45 years) who is the Chairman and Managing Director. Mr Maheshwari is a mechanical engineering with 22 years experience in chemical industry. Prior to promoting ASL, Mr Maheshwari provided consulting services for energy conservation, furnace designs and combustion systems to various industries.

Mrs. Namrata Maheshwari (aged 41 years); wife of Mr Mahesh Maheshwari is the other promoter and director of the company. She holds bachelor's in electrical engineering and manages the administrative and banking functions of the Company.

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Disclaimer

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