

## Rating Rationale

### Brickwork Ratings assigns ‘BWR B+’ and ‘BWR A4’ for the Bank Loan Facilities amounting to ₹ 10.45 Cr of Akash Steel Crafts Pvt Ltd.

Brickwork Ratings has assigned the following **Ratings<sup>1</sup>** for the Bank Loan Facilities of Akash Steel Crafts Pvt. Ltd. (ASCPL or the Company).

Facility	Limits (₹ Cr)	Tenure	Rating
Cash Credit	6.45	Long Term	<b>BWR B+</b> (BWR B Plus)  (Outlook-Stable)
Letter of Credit	4.00	Short Term	<b>BWR A4</b> (BWR A Four)
<b>Total</b>	<b>10.45</b>	<b>INR Ten Crores &amp; Forty Five Lakhs only</b>	

BWR has principally relied upon the audited financial results up to FY12, Provisional financials of FY13 and projected financials of FY14 & FY15 of ASCPL, publicly available information and information/clarification provided by the management.

The rating has factored, inter alia, promoter’s extensive experience in steel industry and well established relationship with the customers. However, the ratings are constrained by low net worth, thin margins, yet to infuse capital commitment made to the bank, expose to exchange risk and not met the projected revenue for FY13.

#### Business Overview:

Dolphin Frozen Foods Pvt Ltd was incorporated on 12<sup>th</sup> Dec 1996 and later the name was changed to Akash Steel Crafts Pvt. Ltd (ASCPL) on 8<sup>th</sup> Sep 2005, with the new management takeover of the Company. Mr. C.N Mohanan is the managing director having two decades of experience in steel manufacturing and trading. ASCPL is involved in manufacturing of Stainless Steel Pipes & Tubes. The Company’s 35000 sq. ft. manufacturing facilities is located at Taloja, Maharashtra.

#### Financial Performance:

The net revenue from operations has increased from ₹ 18.61 Cr in FY11 to ₹ 26.09 Cr in FY12. But, the revenue for FY13 (provisional) remained same compared to previous year. For FY12, the operating and net profit margins are stood at 3.30% and 0.39%, respectively. As of 31<sup>st</sup> March 2012, the tangible net worth of the Company stood at ₹ 0.44 Cr and the adjusted tangible net worth stood at ₹ 2.00 Cr.

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

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**Rating Outlook:**

The outlook for ASCPL is expected to be stable in the near term. Healthy revenue growth with improving margins and committed capital infusion would be the key rating sensitivities.

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