

Rating Report

Brickwork Ratings on a review reaffirms ratings for Bank Loan facilities aggregating to Rs. 13.90 Crores of M/s Ashiana Manufacturing India Ltd.

Brickwork Ratings on a review reaffirms **Ratings¹** for Bank Loan facilities aggregating to Rs. 13.90 Crores of M/s Ashiana Manufacturing India Ltd. (*The Company*).

Facility	Previous Limits (₹ Crores)	Present Limits (₹ Crores)	Tenure	Previous Rating Aug 2014	Review Rating ¹
Fund Based Limits					
Cash credit	10.60	10.60	Long Term	BWR BB+ (BWR Double B Plus) Outlook: Stable	BWR BB+ (BWR Double B Plus) Outlook: Stable (Reaffirmation)
Term Loan	5.68	2.80			
Non fund Based Limits					
Bank Guarantee	0.50	0.50	Short Term	BWR A4+ BWR A Four Plus	BWR A4+ BWR A Four Plus (Reaffirmation)
Total	16.78	13.90	INR Thirteen Crores and Ninety Lakhs Only		

Term Loan O/s as on Sep 29, 2015

BWR has principally relied upon the audited financial results up-to FY15, projected financials up to FY17 and publicly available information and information/clarification provided by the company's management.

The Rating continues to derive its strengths from experience of the current promoters of more than two decades in the business, improved gearing levels and debt protection metrics, negative working capital cycle, brand image of the 'Kamdhenu' brand and the established marketing and distribution network of the group. However, the ratings are constrained by fluctuating profitability margins, inadequate liquidity position, characterized by intense competition from other organized and unorganized players in the market.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Background

Ashiana Manufacturing India Ltd (AMIL) was originally incorporated as Prakash Surya Industries Ltd in May 1995 and was later renamed as Surya Manufacturing (I) Ltd (SMIL) in 2000. The company was promoted by Mr Vinay Surya, the promoter of Surya Roshni Ltd. The commercial operations from the company started from January 1, 2011 with the objective of producing steel bars for construction industry. It was acquired by the current promoters in FY12, and the company was renamed to Ashiana Manufacturing India Ltd in August 2011.

The Company is engaged in manufacture of Thermo Mechanical Treatment (TMT) bars and manufacturing unit is located in Bhiwadi, Rajasthan with an installed capacity to produce 1.2Lakh MTP and whereas utilized capacity stood at 68.67% (FY15).

Group Performance:

The Group is operating in the TMT bars manufacturing via AMIL as well as its associate concern Ashiana Ispat Ltd (AIL). AIL is the flagship company of the Ashiana Group and is a listed entity. AIL has 13.22% holding in AMIL. Both AMIL and AIL are in the same line of business and are managed by the same promoters.

Financial Performance

As per FY15 audited financials, net revenues from operations reported at Rs. 309.93 crores in FY15 against Rs.291.59 crores in FY14. Operating profit margins and net profit margins have come down from 2.88% and 0.84% in FY14 to 2.23% and 0.44% in FY15. Tangible net-worth of the company reported at Rs. 11.27 crores in FY15 and Company is backed by unsecured loans from promoters to an extent of Rs. 6.50 crores in FY15. Adjusted debt equity reported at 1.01 times. Interest service coverage ratio is at Favorable level. Liquidity position remained to be at inadequate level and negative conversion cycle reported in FY15.

Rating Outlook

The Outlook of the company for the next one year is expected to be stable. Going forward, ability of the Company to improve its profitability margins & scale of operations in the competitive market and to improve the liquidity position and to sustain the capital structure achieved will remain the key rating sensitivities.

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Annexure I			
Ashiana Manufacturing India Ltd			
Statement of Profit and Loss			In ₹ Crores
	FY13	FY14	FY15
	Audited	Audited	Audited
Net sales	277.85	291.59	309.93
Operating Income	--	1.99	--
Total Operating Income	277.85	293.58	309.93
Operating Expenses	247.15	285.12	303.01
Operating Profit Before Depreciation, Interest and Taxes	3.70	8.46	6.92
Depreciation	1.49	1.51	1.78
Operating Profit Before Interest and Tax	2.21	6.95	5.14
Interest and Finance Charges	3.06	2.61	2.27
Operating Profit Before Tax	(0.85)	4.34	2.87
Non- Operating Income(Expenses)	0.04	0.04	0.05
Profit Before Tax	(0.81)	4.38	2.92
Provision for Taxes	(3.30)	1.90	1.55
Profit After Tax	2.49	2.48	1.37

Annexure II			
Ashiana Manufacturing India Ltd			
Balance Sheet	In ₹ Crores		
	FY13	FY14	FY15
	Audited	Audited	Audited
EQUITY AND LIABILITIES			
Equity and Reserves	7.54	10.01	11.27
Share Capital	2.93	4.43	4.43
Reserves & Surplus	2.36	5.58	6.84
Share Application Money	2.25		
Non-current liabilities	9.24	4.26	8.94
Long term borrowings	9.21	4.24	8.37
Deferred Tax Liability	0.00	0.00	0.33
Other long term liabilities	0.03	0.00	0.20
Long term provisions	0.00	0.02	0.04
Current liabilities	57.93	55.81	44.99
Short-Term Borrowings	12.83	11.68	7.31
CPTLD	2.88	2.88	3.12
Trade Payables	40.72	39.75	23.84
Other Current Liabilities	0.93	0.78	9.61
Short term provisions	0.57	0.72	1.11
Total Liabilities	74.71	70.08	65.20
ASSETS			
Non-current assets	31.13	28.79	28.91
Net Fixed assets	28.68	27.71	28.13
Capital work in progress	--	--	0.25
Deferred tax assets	2.07	0.65	--
Long term loans and advances	0.35	0.40	0.48
Other non-current Assets	0.03	0.03	0.05
Current assets	43.58	41.29	36.29
Inventory	10.98	12.59	13.55
Trade Receivables > Six Months	1.42	3.43	2.89
Trade Receivables < Six Months	23.95	16.73	7.00
Cash and Cash Equivalents	2.41	2.76	5.22
Short-Term Loans and Advances	0.24	0.45	0.64
Other current assets	4.58	5.33	6.99
Total Assets	74.71	70.08	65.20