

## Rating Report

### Brickwork Ratings Reaffirms ratings at 'BWR B+' & 'BWR A4' for the Banking Facilities of ₹ 6.10 Cr of Ashish Steel.

Brickwork Ratings has reaffirmed the following **Ratings**<sup>1</sup> for Bank Loan facilities amounting to ₹ 6.10 Cr of Ashish Steels (or 'Firm').

Facility	Previous (₹ Cr)	Present (₹ Cr)	Tenure	Rating	Rating History (Oct, 2013)
Cash Credit (Fund Based)	4.10	4.10	Long Term	Reaffirmed at <b>BWR B+</b> (Pronounced BWR B Plus) <b>Outlook: Stable</b>	<b>BWR B+</b> (Pronounced BWR B Plus) <b>Outlook: Stable</b>
LC (Non-Fund Based)	2.00	2.00	Short Term	<b>BWR A4</b> (Pronounced BWR A4)	<b>BWR A4</b> (Pronounced BWR A4)
<b>Total</b>	<b>6.10</b>	<b>6.10</b>	<b>INR Six Crores and Ten Lakhs only</b>		

BWR has essentially relied upon the audited financial results up to FY14, provisional for FY15 and information/clarifications provided by the firm.

The rating continues to factor, the experience of the proprietor, long standing relations with reputed customer and proprietor's ability to infuse equity as per business requirement.

The rating is however constrained by firm's relatively small scale of operations, profitability highly susceptible to volatility in input cost, reduced profitability margins and high competitive nature of industry with many unorganized players and limited scope for diversification.

#### Background:

Ashish Steel, established in 1996, is a supplier of various types of rails, crane rails, rails clamps and railway accessories. The firm was established as a proprietary firm by Mr. Ashish Shah. The registered office of the firm is based in Lower Parel, Mumbai. The firm caters to various companies who are connected with different industries such as EOT cranes and material handling equipment's, conveyor system, Steel plant equipment manufacturers, cement factories for wagon loading etc.

The firm provides 14-15 different sizes of rails (narrow gauge, meter gauge, broad gauge and special crane rails) these include both brand new rails and also used/second hand rails. The firm also stock imported rails which are as per German, American and Chinese standards. Apart from

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

rails, the firm also supplies accessories like Fish plates & Fish Bolt Nuts which are used to join two rail pieces and Rail Clamps. The top 10 customers of the firm account for ~47.00% of the total sales in FY14. Major customers are associated with the firm since long and provide repeat orders, on account of its successful track record of timely execution. The revenue growth of the firm is linked to the timeliness of project execution by the clients.

### Financial Performance:

The revenue from operation decreased from ₹33.80 Crs in FY13 to ₹29.88 Crs in FY14. The firm has reported a net profit margin of 4.09 per cent and operating margin of 6.75 per cent for FY14. The debt equity ratio is at 0.70 times as on 31-3-2014. The share capital of the Company stood at ₹5.45 Crs.

As per the provisional figures, firm has achieved turnover of ~₹28.96 Crs till March, 2015.

### Rating Outlook:

The rating reflects the position of the firm in the Steel trading segment of the industry it caters to. Going forward, ability of the company to achieve higher turnover, effective management of its working capital requirements and maintaining its profitability will be the key rating sensitivities.

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**Annexure I**

**Ashish Steel**

**Statement of Profit and Loss**

**In ₹ Crores**

	<b>FY13 (Audited)</b>	<b>FY14 (Audited)</b>
Gross Sales	33.80	29.88
<b>Net Sales</b>	<b>33.80</b>	<b>29.88</b>
Other Operating Income	0.02	0.03
<b>Total Operating Income</b>	<b>33.82</b>	<b>29.92</b>
Operating Expenses	30.44	27.90
<b>OPBDIT</b>	<b>3.38</b>	<b>2.02</b>
Depreciation/Amortization/Impairment	0.01	0.03
<b>OPBIT</b>	<b>3.37</b>	<b>1.99</b>
Interest and Finance Charges	0.61	0.83
<b>OPBT</b>	<b>2.76</b>	<b>1.17</b>
Non-Operating Income(Expenses)	0.02	0.06
<b>PBT</b>	<b>2.78</b>	<b>1.22</b>
<b>PAT</b>	<b>2.78</b>	<b>1.22</b>

<b>Annexure II</b>		
<b>Ashish Steel</b>		
<b>Balance Sheet</b>	<b>In ₹ Crores</b>	
	<b>FY13 (Audited)</b>	<b>FY14 (Audited)</b>
<b>Capital Account</b>	<b>5.55</b>	<b>5.45</b>
Proprietor's Account	2.77	4.23
Reserves and Surplus	2.78	1.22
<b>Non-current liabilities</b>	<b>0.40</b>	<b>1.94</b>
Long-Term Borrowings	0.40	1.94
<b>Current liabilities</b>	<b>4.17</b>	<b>4.83</b>
Short-Term Borrowings	2.81	3.41
Trade Payables	1.00	0.85
Other Current Liabilities	0.12	0.33
Short-Term Provisions	0.24	0.23
<b>Total Liabilities</b>	<b>10.12</b>	<b>12.22</b>
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>0.81</b>	<b>0.89</b>
Net Fixed assets	0.81	0.89
Long Term Loan and Advances	-	-
<b>Current assets</b>	<b>9.31</b>	<b>11.32</b>
Inventories	3.09	5.72
Trade Receivables < Six Months	5.15	4.71
Cash and Cash Equivalentents	0.00	0.01
Short-Term Loans and Advances	1.06	0.88
<b>Total Assets</b>	<b>10.12</b>	<b>12.22</b>

<b>Annexure III</b>			
<b>Ashish Steel</b>			
<b>Key Ratios</b>		<b>FY13 (Audited)</b>	<b>FY14 (Audited)</b>
Total Debt/ Tangible Net worth	Times	0.58	0.98
Interest Service Coverage Ratio	Times	5.51	2.44
Tangible Net Worth	₹ Crores	5.55	5.45
Net Profit Margin	Per cent	8.21	4.09
Net Cash Accruals/Total Debt	Times	0.87	0.23
Current Ratio	Times	2.23	2.35