

Rating Rationale

AGR Steel Strips Pvt. Ltd.

5th January 2017

Brickwork Ratings downgrades the ratings for the bank loan facilities aggregating Rs. 120 Crs of AGR Steel Strips Pvt Ltd with “Stable” Outlook

Particulars

Facility	Amount (Rs. Cr)		Tenure	Rating*	
	Previous Amt	Present Amt (Rs. Cr)		Previous August 2015	Present
Term Loans (Fund Based)	75.00	75.00	Long Term	BWR BBB – (Pronounced BWR Triple B Minus) Outlook: Stable	BWR BB (Pronounced BWR Double B) (Downgraded) Outlook: Stable
BG/LC (Non Fund Based)	45.00	45.00	Short Term	BWR A3 (BWR A Three)	BWR A4 (BWR A Four) (Downgraded)
Total	120.00	120.00	INR One Hundred and Twenty Crores Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Annexure 1 provides details of the bank loan facilities

Rating Downgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The revision in the rating takes into account the declining financial performance for FY16 reflecting net losses vis-à-vis net profit reported during FY16, lower turnover projections for FY17, short term liquidity problems; resulting in bank loan limits being overdrawn and poor financial condition of its group company – Asian Colour Coated Ispat Limited, for which ASSPL has given corporate guarantee.

Rating Outlook: Stable

BWR believes that **AGR Steel Strips Pvt. Ltd.**'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 company improves its financial performance and profitability levels, ease its liquidity pressure through financial support from the promoters and maintain its growth in production levels. The rating outlook may be revised to 'Negative' if short term liquidity issue continues to remain and show lower sales and profitability over the medium term.

Invocation of any corporate guaranty given by ASSPL in favour of its group companies is likely to hamper operations of the company over the medium term and would be considered negative for the rating.

About the Company

ASSPL was incorporated in October 1992. It is engaged in manufacturing of Hot Rolled Pickled and Oiled (HRPO) and Cold Rolled Close Annealed (CRCA) steel strips /coils. The Company's registered office is located at New Delhi and manufacturing unit at Dharuhera, Haryana, about 70 km from Delhi and has installed capacity to manufacture 60,000 TPA of HRPO and 40,000TPA of CRCA. Capacity utilization was more than 100% for HRPO and 85% for CRCA in FY16.

Financial Performance

ASSPL reported Total Operating Income of Rs. 431.75 Cr for FY16, as compared to Rs. 476.39 Cr for FY15. ASSPL has reported net losses of Rs. 11.57 Cr for FY16, as against Rs. 6.36 Cr for FY15. However, it has reported a positive EBITDA of Rs. 2.90 Cr for FY16. ASSPL has achieved total operating income of ~ Rs. 237.00 till 30.11.2016 and company is expected to reach break-even level in FY17.

Rating History for the last three years: (including withdrawn/suspended ratings)

Facility	Rating Assigned (2017)				Rating History		
	Tenor	Amount (Rs. Crs)	Previous Amt (Rs. Cr)	Rating	2016	19 August 2015	20 Feb 2014
Cash Credit (Fund Based)	Long Term	75.00	75.00	BWR BB (Pronounced BWR Double B) (Downgraded) Outlook: Stable	—	BWR BBB – Outlook: Stable	BWR BB+ Outlook: Stable
BG/LC (Non-Fund Based)	Short Term	45.00	45.00	BWR A4 (Pronounced BWR A Four) (Downgraded)	—	BWR A3	BWR A4+
Total		120.00	120.00	INR One Hundred Twenty Crores Only			

Hyperlink/Reference to applicable Criteria

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

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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 Investors queries can be sent to 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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