



Rating Rationale

AR Ispat

3 Apr 2019

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 15.00 Crores of AR Ispat.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	15.00	Long Term	BWR BB- (Pronounced as BWR Double B Minus) Outlook:Stable
Total	15.00	INR Fifteen crore only.	

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon projected financials upto FY 2023, publicly available information and clarification provided by the company's management.

The rating draw strength from the experience of the management in the steel industry as well as other business, strategic location of plant in steel producing belt of chattisgarh. However rating is partially offset by exposure to risks related to timely completion of project including cost and time overrun and the erection/completion of the unit is still under process.

The ability of the company to ensure financial tie up for the project as planned, implement the project timely and within estimated cost, and achieve projected revenue would be its key rating sensitivity.

Description of Key Rating Drivers

Credit Strengths:

- Extensive experience of the partners in the related field of Industry.
- Moderate level of TNW at Rs 4.77 Cr which has been done through partner capital.
- Unit is strategically located in one of the Steel producing belts in Raigarh (Chhattisgarh) which results in lower logistic expenditure.

Credit Risks:

- The trial and commercial production is yet to start and execution risk still remains as the erection/completion of the unit is still under process.
- No existing order book or Letter of intent in order to materialise projected sales.
- Exposed to the cyclicity inherent to the steel industry, which limits the pricing flexibility of the industry participants. Highly competitive and fragmented nature of the industry.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **AR Ispat** 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 revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Incorporated in 2018 and based in Raigarh (Chhattisgarh), AR Ispat is partnership firm managed by Mr. Rakesh kumar Agarwal, and Mr. Anand Bansal. Firm is into manufacturing of Ms Billets, and has a capacity of 30000 mtpa. Its commercial production is expected to be started in April 2019. The estimated



cost of project is Rs.18.09cr, with promoter contribution of Rs.7.09cr, unsecured loan from friends and family of Rs.4.00cr and Term loan of Rs.7.00cr.

Financial Performance

Trial and Commercial operations of the firm are yet to commence. As CA Certified, Partners has infused capital to the tune of Rs.4.77cr and unsecured loan amounting Rs.1.69cr

Key Financial Indicator

Particulars		2017	2018
		Audited	Audited
Net Revenue	Rs.cr	NA	NA
EBITDA	Rs.cr	NA	NA
PAT	Rs.cr	NA	NA
Partner Capital	Rs.cr	NA	NA
Total Debt: Partner Capital	Times	NA	NA
Current Ratio	Times	NA	NA

Rating History for the last three years

S.No	Instrument /Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2018	2017	2016
1	Fund Based Term Loan Cash Credit	Long Term	15.00 7.00 8.00	BWR BB- (Pronounced as Double B Minus) Outlook: Stable	Not Rated	Not Rated	Not Rated
	Total		15.00	₹ Fifteen crore only.			

Status of non-cooperation with previous CRA (if applicable)- Nil

Any other information: Nil

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)

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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, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER

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