



## Rating Rationale

Agarsen Re Rollers Pvt Ltd

15 Jan 2018

**Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 7.28 Crores of Agarsen Re Rollers Pvt Ltd.**

### Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	7.28	Long Term	<b>BWR B+</b> (BWR Single B Plus) (Outlook: Stable)
<b>Total</b>	<b>7.28</b>	<b>INR Seven Crores and Twenty Eight Lakhs Only</b>	

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results up to FY17, projected financials of **Agarsen Re Rollers Pvt Ltd** up to FY19 and publicly available information and information/clarifications provided by the company's management.

The rating draws strength from the experience of the promoters, improved net worth of the company, strong debt servicing metrics and support of associate concern. However, the rating is constrained by thin profitability margins, nascent stage of operations, cyclical nature of the industry and high competition from existing companies in the region.

### Description of Key Rating Drivers

#### Strengths:

**Experienced Promoters:** The promoters of Agarsen Re Rollers Pvt Ltd are well qualified. The promoters have over 10 years of experience in the Steel Industry.



**Improved Net-worth :** The Net worth of the company increased from Rs 0.98 Crs in FY16 to 5.07 Crs in FY17. The improved net worth is a result of additional capital brought in by the promoters.

**Support of Associate Concern :** The company has the support of associate concern “Avinash Ispat Pvt Ltd” which operates in the same line of business. Avinash Ispat Pvt Ltd is involved in the manufacturing of MS billets and MS strips.

**Strong debt servicing metrics:** The company has strong interest and debt servicing metrics due to low external borrowings in the company. The debt repayment & interest charges incurred by company are low and therefore the company has strong ISCR and DSCR metrics.

#### **Weakness:**

**Nascent Stage of Operations:** The company’s operations are in a nascent stage as the company had only started its commercial operations in January, 2017. There is no established track record for the business operations of the company.

**Thin Profitability Margins:** The company incurred an overall profit of Rs 0.23 Crs in FY17. The company’s net profit margin was 2.35%. in FY17.

#### **Rating Outlook: Stable**

BWR believes the **Agarsen Re Rollers 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 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**

Agarsen Re-Rollers Pvt Ltd (ARPL) was incorporated in Ranchi in November, 1989. Mr. Vikas kumar Goyal and Kamal kishor Agarwal are the current directors of the company. They are also directors of its associate concern Avinash Ispat Pvt Ltd. The company has started its commercial operations in January, 2017. The company manufactures iron and steel products like M.S strips and M.S Pipes. The manufacturing unit is located in the Urla Industrial area in Raipur. The unit has an installed capacity of 30,000 MT per annum as on 31.3.2017. The company prior to starting its own commercial operations had leased out its premises to Avinash Ispat Private



Limited.

**Company Financial Performance:**

The company has achieved a total operating income of Rs. 9.97 Crs and profit after tax of Rs. 0.23 Crs. in FY17.

**Key Financial Indicators**

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	₹ Cr	9.97	0.00
EBITDA	₹ Cr	0.31	-0.01
PAT	₹ Cr	0.23	0.05
Tangible Net worth	₹ Cr	5.07	0.95
Total Debt/Tangible Net worth	Times	0.06	0.00
Current Ratio	Times	0.77	2.00

**Rating History for the last three years**

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	2016	2015
1.	Fund Based	Long Term	7.28	<b>BWR B+ (Outlook :Stable)</b>	-	-	-
	<b>Total (Rs Crs)</b>		<b>7.28</b>	<b>₹ Seven Crores and Twenty Eight Lakhs Only</b>			



## Hyperlink/Reference to applicable Criteria

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

For any other criteria obtain hyperlinks from website

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### Annexure I- Bank Facilities

Name of Bank	Sanctioned Facilities ( Rs. Crs.)		Total Amount (Rs Crs)
	Cash Credit	Term Loan	
Bank of Baroda	3.00	4.28*	7.28
Total Amount ( Rs. Crs )	<b>INR Seven Crores and Twenty Eight Lakhs only.</b>		

\*Term Loan outstanding as on January 3 ,2018.

#### 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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto: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 ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

### **DISCLAIMER**

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