

**Brickwork Ratings reaffirms ratings for the Bank Loan Facilities of Aggarwal Steel Industries.**

Brickwork Ratings **reaffirms** following rating<sup>1</sup> for the Bank Loan Facilities of **Aggarwal Steel Industries** ( the Firm) : -

Facilities Availed	Previous Rated Amount (In Crs)	Amount to be Rated (In Crs)	Tenure	Previous Rating	Proposed Rating
OCC/OBBD	6.00	8.00	Long Term	BWR B+ ( Pronounced As BWR B PLUS) Outlook : Stable	BWR B+ ( Pronounced As BWR B PLUS) Outlook : Stable Reaffirmation
<b>Total Fund Based</b>	<b>6.00</b>	<b>8.00</b>			
BG	1.00	1.00	Short Term	BWR A4 ( Pronounced As BWR A FOUR)	BWR A4 ( Pronounced As BWR A FOUR) Reaffirmation
ILC	1.00	1.00			
<b>Total Non Fund Based</b>	<b>2.00</b>	<b>2.00</b>			
<b>Total Amount to be rated</b>		<b>10.00</b>	<b>INR.Ten Crores Only</b>		

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

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

BWR has essentially relied upon audited financial results of **Aggarwal Steel Industries** FY 17, projections for FY18 and FY19 and publicly available information and information provided by the Firm.

The rating draws comfort from partner's experience in the business of manufacturing of transformers and its parts, long standing relations with the government electricity boards and a reasonable order book position.

However, the ratings is constrained by small scale of operations, low tangible net worth , high receivable and payable days and weak debt protection metrics.

**Key Rating Drivers**

**Credit Strengths**

- **Experienced partners** – The partners of the firm has been involved in the business of manufacturing of transformers and its parts since 2009 and have gained thorough knowledge of the market.

- **Long standing relations with the government electricity boards** - The Firm has approximately 99% customer concentration of government Punjab state electricity.
- **Reasonable Order Book** : The firm is having orders worth INR.10 Cr revived from Government and Private associated companies .

### **Credit Weakness**

- **Stretched Liquidity** : **The firm is having** elongated conversion cycle of 123 days due to high receivables and payable days of 253 days and 136 days respectively.
- **Volatility in the revenue stream**: Due to tender based operations of the firm coupled with geographical concentration risks as the firm's operations are limited to the state of Punjab.
- **Weak Debt Protection Metrics** : ISCR and DSCR were 1.40X and 0.97 X as on March 31,2017.

### **Rating Outlook: Stable**

BWR believes the **Aggarwal Steel Industries'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 there is a sustained improvement in the revenues and profits of the company. The rating outlook may be revised to 'Negative' if the revenues and profits reduce due to non implementation of the same.

### **About the Firm:**

Aggarwal Steel Industries is an BSCIC Certified organization and was started as a partnership firm, established in 2009 in Bathinda, Punjab. The Firm is engaged in manufacturing of transformers and EPC(Engineering, procurement, construction) projects which involves installation of transformers(Work Contract and Erection) and other in proportion of 70%,26% and 4% respectively. The Firm is manufacturing transformers ranging from 6.3 KVA to 800 KVA and transformer Tank LT Box ranging from 25 KVA to 250 KVA.

The management comprises of Sh. Satish Kumar Bansal who is technically qualified professional with a diploma in Electronics and is having 10 years of experience in the transformers industry. Sh. Ved Prakash(Partner), is MA(M.Ed) and is having 8 years of experience in the transformers industry.

### **Company Financial Performance**

## Key Financials

Result Type	LIMITS	31/Mar/2016	31/Mar/2017
		Audited	Audited
Total Operating Income	Crs	16.79	22.10
OPBDIT	Crs	0.32	1.70
Tangible Net Worth	Crs	7.23	8.48
TOL/TNW	Times	1.45	1.42
Current Ratio	Times	2.90	1.75

Facility	Tenure	Rating Assigned (2017)		Rating History		
		Rated Amount In Crs	Rating Assigned	2016	2015	2014
OCC/ODBD	Long Term	8.00	BWR B+ (Pronounced as BWR Single B Plus) Outlook Stable Reaffirmation	BWR B+ (Pronounced as BWR Single B Plus) Outlook Stable	-	-
BG	Short Term	1.00	BWR A4 (Pronounced as BWR Single A four) Reaffirmation	BWR A4 (Pronounced as BWR Single A four)	-	-
ILC		1.00				
Total Rated Amount		10.00				

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

#### Hyperlink/Reference to applicable Criteria

- 1 [General Criteria](#)
- 2 [Approach to Financial Ratios](#)
- 3 [Manufacturing](#)
- 4 [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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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](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 ₹ 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

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in rating of nearly 100 cities.

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