Rating Rationale

Brickwork Ratings assigns ratings BWR 'B+/ A4' (Outlook Stable) for the Bank Loan Facilities of Aggarwal Steel Industries

Brickwork Ratings assigns following **Ratings**[1] for the Bank Loan Facilities of **Aggarwal Steel Industries** (the Firm) : -

Facilities Availed	Existing Limits (In Crs)	Amount to be Rated (In Crs)	Tenure	Rating Proposed
OCC/ODBD	6	6	Long Term	BWR B+ (Pronunced As BWR B PLUS) Outlook : Stable
Total Fund Based	**6**	**6**		
BG	1	1	Short Term	BWR A4 (Pronunced As BWR A FOUR)
ILC	1	1		
Total Non Fund Based	**2**	**2**		
Total Exposure	**8**	**8**	**INR.Eight Crores Only**	

BWR has essentially relied upon audited financial results of **Aggarwal Steel Industries** FY 16, projections for FY17 and FY18 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, significat technology absorption and adaptation capability to suit local needs.

However, the ratings is constrained by Competitive and fragmented nature of industry,Volatility in movement of raw material prices and the firm has approximately 99% customer concentration of Pubjab State Electricity only.

Background:

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.

[1] ***Please refer to www.brickworkratings.com for definition of the Ratings***

Management:

The key Management of the company comprises well qualified and experienced professionals . 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 transformer's industry.He is a partner in a unit engaged in manufacturing of transformers and is looking after production and installation unit of the firm.

Sh. Ved Prakash(Partner), is MA(M.Ed) and is having 8 years of experience in the transformer's industry.He is a partner in a unit engaged in manufacturing of transformers and is looking after day to day functions of the firm.

Financial Performance:

Y-O-Y net sale have increased from INR. 15.17 Cr as per audited financials of FY15 to INR.16.79 Cr in FY16. The said increase of 10.68% is due to increase in the sales of traded goods which include trading of Aluminium and Copper wires.

Y-O-Y PAT have declined from INR 2.21 Cr in FY15 to INR 0.59 Cr in FY16 primarily due to increase operating expenses and finance cost and low level of non-operating income.

Rating Outlook:

The rating outlook is expected to be stable over the current year. Going forward, the ability of company to increase its scale of operations and profitability, improve its profile by infusing more funds and manage its working capital efficiently would be the key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	**Media Contact**
1-860-425-2742	media@brickworkratings.com