

Rating Rationale

Agrawal Iron & Industries

28th April 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs.18.28 Cr of Agrawal Iron & Industries

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating*
Fund Based		Long Term	BWR B- (Pronounced BWR B Minus) (Outlook: Stable)
Term Loan	10.68		
Term Loan (Fresh)	4.00		
Cash Credit	3.60		
Total	Rs.18.28 Crores (Rupees Eighteen Crore and Twenty Eight Lakhs Only)		

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

Note: The aforesaid facilities are availed from UCO Bank, Raipur

Rationale/Description of Key Rating Drivers:

BWR has essentially relied upon the audited financial results of FY14, FY15, FY16 and projections of FY17 & FY18 of Agrawal Iron & Industries ('AII' or 'the firm'), publicly available information and information/clarifications as shared by the firm's management.

The rating, factors in the business experience of partners, firm's tie-up with National Mineral Development Corporation, Bastar, Chhattisgarh for procurement of its raw material and its presence in Jagdalpur, Bastar, Chhattisgarh – predominant with steel plant units. The rating, is constrained by the risk associated with the modification in its pellet plant and its affect on the financial performance of the firm, highly leveraged capital structure and operations in a competitive steel industry. The ability of the firm to achieve its projected financials so as to timely service its debt obligation will be the key rating sensitivities.

Rating Outlook: Stable

BWR believes that Agrawal Iron & Industries' 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

Agrawal Iron & Industries was established in the year 2005 as a proprietorship firm by Mr. Anil Agrawal. The firm was converted into partnership firm in 2013 by inducting Mr. Suresh Jain, Mr. Ankit Jain and Mr. Niraj Agrawal. It is located in Bastar, Chhattisgarh and is engaged in processing of Iron Ore and manufacturing of Iron-cum-Manganese Ore Pellet.

Company Financial Performance

The firm has achieved a turnover of Rs. 2.81 Cr in FY16. It has reported an operating profit margin of 6.97% and net profit margin of 2.59% for FY16.

Rating History for the last three years: NIL

Sl. No.	Instrument/ Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	2016	2015	2014
1	Term Loan	Long Term	10.68	BWR B- (Outlook: Stable)	NIL	NIL	NIL
2	Term Loan (Fresh)		4.00				
3	Cash Credit		3.60				

Hyperlink/Reference to Applicable Criteria

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

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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.

DISCLAIMER

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