

Rating Rationale

Brickwork Ratings upgrades the long term rating from BWR BB- to ‘BWR BB’ and reaffirms the short term rating of ‘BWR A4’ to Arjun Alloy’s bank loan facilities aggregating ₹ 17.42 Cr

Brickwork Ratings upgrades the long term **Rating¹** from BWR BB- to ‘BWR BB’ and reaffirms the short term rating of BWR A4 to Arjun Alloy’s (“AA” or “the Firm”) bank loan facilities aggregating ₹ 17.42 Cr.

Facilities	Previous Limits (₹ Cr)	Current Limits (₹ Cr)	Tenure	Previous Rating	Revised Rating
Fund Based:			Long Term	BWR BB- [Pronounced BWR Double B Minus] (Outlook – Stable)	BWR BB [Pronounced BWR Double B] (Outlook – Stable)
Cash Credit	15.00	15.00			
Proposed Cash Credit	1.50	-			
Proposed Term Loan	3.00	1.50			
Non Fund Based:			Short Term	BWR A4 [Pronounced BWR A Four]	BWR A4 [Pronounced BWR A Four]
Bank Guarantee	0.92	0.92			
Proposed Bank Guarantee	0.48	-			
Total	20.90	17.42	INR Seventeen Crore and Forty Two Lacs Only		

BWR has relied upon AA’s audited financial results up to FY15, provisional figures up to FY16, projected financials up to FY 18 and the information/clarifications provided by the Company.

The assigned rating reflects the performance of the firm in FY 16 vis-à-vis FY 15. The rating derives comfort from the long track record of promoter, established relation with diversified client base, its long presence in steel industry. However the rating remains constrained by AA’s modest scale of operation, working capital intensive nature of business, average customer concentration risk and fragmented nature of industry.

Company Background and Management Profile

Arjun Alloys, a partnership firm was established in May 2007. The partners of the firm are Mr. Vivek Agarwal and Ms. Arpita Agarwal. The firm has established steel melting facility at Sarkhej, Ahmedabad. The firm is engaged in manufacturing of SS and Alloy Ingots. The installed capacity of the plant is 12,000 MTPA

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

Financial Performance

As per audited financials for FY15 provided by the company, AA's operating income stood at ₹76.19 Cr. with a PAT of ₹ 0.25 Cr. as against operating income of ₹ 73.07 Cr. with a PAT of ₹ 0.17 Cr. in FY 14. As per provisional figures for FY16, the Company has earned an operating income of ₹99.51 Cr with net profit of ₹0.30 Cr.

Outlook

The outlook is Stable. The Company's ability to maintain turnover and margins despite of intense competition, achieving estimated revenues, managing working capital cycle will be key rating sensitivity factors.

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

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