



Rating Rationale

Arya Steel Rolling India Ltd

5 Sept 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Arya Steel Rolling India Ltd.

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating*
Fund Based Cash Credit	18.00	Long Term	BWR BB (Pronounced as BWR Double B) Outlook: Stable
Non-Fund Based ILC/FLC/LOU ILG	5.00 1.00	Short Term	BWR A4+ (Pronounced as BWR A Four Plus)
Total	Rs. 24.00 Crores (INR Twenty Four Crores Only.)		

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon audited financial results of Arya Steel Rolling India Ltd up to FY 16, provisional financial for FY17, publicly available information & clarification/information provided by the firm.

The rating assigned to the bank facilities of Arya Steel Rolling India Ltd positively factors extensive experience of the promoters and established track record of the company in the manufacturing of TMT bars.

The ratings are however, constrained on account of its working capital intensive nature of operations, moderate scale of operation as compare to other players in the market, low net profit margins, and profitability is highly susceptible to volatile in raw material prices, and highly fragmented industry with intense competitive market.



Going forward the ability of the Company to scale up its revenues, improve the profitability margins, strengthen the capital structure, service debt repayment timely and efficiently manage its working capital would be key rating sensitivities.

Key Rating Drivers:

Credit Strengths

- The Promoters are experienced in iron and Steel industry for more than two decade. The group company “Shri Balaji Rollings Private Limited” is associated with manufactures billets since 1997.
- The company enjoys established relationship with its client and supplier.

Credit Weakness

- The Scale of operation continuous remains at moderate level with Low Profit margins has compared to other.
- Sale declined in FY17, However sale appeared to have picked up in Q-1 of FY-18.
- Cyclicalilty associated with industry and susceptibility of probability to volatility of raw material prices. Though the iron and steel industry witnessed prize stabilization in FY 17, backed by government initiative; the growth and demand continued to be muted.

Rating Outlook: Stable

BWR believes the Arya Steel Rollings India Limited 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

Arya Steel Rollings India Limited (ASRIL) had commenced commercial production in 2006; The Company is based in Kolhapur (Maharashtra). ASRIL is promoted by Mr. Sumit Singla and operates a steel rolling mill. ASRIL is mainly engaged in the production of TMT bars of various sizes which it markets under the ‘SHIRDI 500 TMT’ brand. The company started a project to set up a rolling mill facility in Kolhapur (Maharashtra), with an installed capacity of 90,000 tonnes per annum of TMT bars.

The group company “Shri Balaji Rollings Private Limited” is associated with Steel Billets manufacturing since 1997.

Company Financial Performance

Company generated total operating income of ₹ 136.22 Crs. in FY17 & 56.4 Crs. sales reported in Q1FY18. Profit after tax of company stood at ₹ 0.77 Crs. in FY17 as compared to ₹ 0.77 Crs. in FY16. The tangible net worth of the firm stood at Rs. 21.01Crs. as on 31-3-2017.

	FY16(Audited)	FY17(Provisional)
Net Sales/Revenues (in Rs. Crores)	147.68	136.22
EBIDTA (in Rs. Crores)	1.23	4.53
PAT (in Rs. Crores)	0.70	0.77
Tangible Net worth (in Rs. Crores)	20.24	21.01
Total Debt : TNW (Times)	0.81	0.87
Current Ratio (Times)	1.47	1.50

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

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	2016	2015	2014
1	Cash Credit	Long Term	18.00	BWR BB	N.A	N.A	N.A
2	ILC/FLC/LOU	Short Term	05.00	BWR A4+	N.A	N.A	N.A
3.	ILG	Short Term	1.00	BWR A4+	N.A	N.A	N.A
Total		Rs. 24.00 Crores (INR Twenty Four Crores Only.)					

Status of non-cooperation with previous CRA (if applicable): N.A

Any other information: N.A

Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)
- [Manufacturing Entities](#)
- [Trading Entities](#)
- [Group Support](#)



For any other criteria obtain hyperlinks from website

Analytical Contacts	Media
<u>S.K Chitkara</u> General Manager - Ratings analyst@brickworkratings.com	media@brickworkratings.com
	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

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 100cities.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.