Rating Rationale

Khetan Alloys Private Limited

27th Feb 2017

Brickwork Ratings revises the ratings for the Bank Loan Facilities of Khetan Alloys Private Limited (*KAPL or The Company)*

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Fund Based			**Long Term**	BWR B+ (Single B Plus) Outlook: Stable	**BWR B (Single B) Outlook: Stable Revised**
Cash Credit	5.50	**5.50**			
Term Loan	1.08	**0.66***			
Total	6.58	**6.16**	**INR Six Crores and Sixteen Lakhs Only**		

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Note: * Term Laon - Outstanding as on 15.02.2017

Rating Downgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has primarily relied upon the audited financials up-to FY16, projected financials up to FY17, publicly available information and the information/clarifications provided by the company.

The rating draws strength from the experience of the promoters in steel industry and diversified product portfolio. However, the ratings are constrained by decreased revenue, low tangible networth, negative net profit margin, high leveraged ,low coverage ratios, working capital intensive nature of operations, intensely competitive and fragmented nature of the industry.

Rating Outlook: Stable

BWR believes the **Khetan Alloys Private 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

Khetan Alloys Private Limited was incorporated in 1991 and the commencement of the operations started in 1992, located at Jaipur, Rajasthan. The promoters of the company are Mr. Hira Lal Khetan and his brothers, Mr. Mahavir Prasad Khetan and Mr. Rajendra Kumar Khetan. The company is engaged in manufacturing of Mild Steel Bars, Rounds, Squares and Flats with an installed capacity of 9600 MT per annum with an utilization at ~90% per annum.

Company Financial Performance

The company reported a net revenue from operations of Rs.29.11 Crores in FY15 and Rs. 23.07 Crores in FY16. Operating and net profit margins reported at 3.66% and (1.58)% in FY16 as against 4.87% and (0.28)% in FY15.

Rating History for the last three years

Sl No	Instrument/ Facility	Current Rating (2017)			Rating History		
		Type (Long Term/ Short Term)	Amount (Rs Crs)	Rating	2016	29/12/15	18/11/14
1	Cash Credit	Long Term	5.50	BWR B (Single B) Outlook: Stable	--	BWR B+	BWR B
2	Term Loan		0.66				

Hyperlink/Reference to applicable Criteria

- **General Criteria**
- **Approach to Financial Ratios**
- **Manufacturing Companies**

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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.

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