

Rating Rationale

22 June 2026

Narain And Company

Brickwork Ratings has reaffirmed the long-term ratings at BWR BBB- and changed the outlook from Stable to Negative, while reaffirming the short-term rating at BWR A3 for the Bank Loan Facilities of Rs. 95 Crs. and withdrawn the ratings for the bank loan facilities of Rs. 1.62 Crs. of Narain And Company.

Particulars:

Facilities**	Amount Rs Cr.		Tenure	Rating #	
	Previous	Present		Previous (25 March 2025)	Present
Fund Based					
Fund Based	01.62	0.00	Long Term	BWR BBB- /Stable Upgrade and Removed from the INC category	Withdrawal
	62.75	61.50	Long Term	BWR BBB- /Stable Upgrade and Removed from the INC category	BWR BBB -/Stable to Negative Reaffirmation and change in outlook
Non Fund Based	33.50	33.50	Short Term	BWR A3 Upgrade and Removed from the INC category	BWR A3 Reaffirmation
	(33.50)	(33.50)			
	(05.00)	(05.00)			
Grand Total	97.87	95.00			

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

** Details of Bank Loan facilities is provided in Annexure-I

RATING ACTION / OUTLOOK

Brickwork Ratings has reaffirmed the long-term ratings at BWR BBB- and changed the outlook from Stable to Negative, while reaffirming the short-term rating at BWR A3 for the Bank Loan Facilities of Rs. 95 Crs. and withdrawn the ratings for the bank loan facilities of Rs. 1.62 Crs. of Narain And Company.

Brickwork Ratings (BWR) has reaffirmed the ratings of Narain And Company. (the company), Considering factors such as Extensive experience of Partners in the iron and steel industry, Moderate financial risk profile, Established operational track record, geographical representation and established relations with customers. However, the ratings are constrained by intense competition in the iron and steel and fragmented industry, thin profitability due to the trading nature of operations and the partnership nature of Constitution.

Rating Outlook: Negative

The rating outlook has been revised from Stable to Negative as the company has fallen well short of top-line and bottom-line projections in FY25.

For assigning the rating, BWR has relied upon the last 3 years of audited financials till FY25 and FY26 Provisional and for FY27 and FY28 projected financials, and publicly available information and clarification provided by management.

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED

The terms of the sanction include standard covenants normally stipulated for such facilities.

KEY RATING DRIVERS

Credit Strengths-:

- **Extensive experience of Partners in the iron and steel industry :**
The firm is engaged in trading iron and steel products such as rounds, billets, channels, angles, etc. The firm was initially functioning as the proprietorship firm of Narain Singla since 1980 and was later converted to a partnership firm in April 2013. The firm's registered office is located at G T Road, Girder Market, Mandi Gobindgarh, Punjab. The partners of the firm have extensive experience of more than four decades in the business of the iron and steel industry.
- **Moderate financial risk profile :**
The financial risk profile was moderate, supported by moderate debt protection metrics. Net worth was Rs 39.07 crore as of March 31, 2026, and is projected to be Rs 43.38 crore as of March 31, 2027. Owing to moderate external borrowing, the total outside liabilities to net worth (TOL/TNW) ratio was 3.17 times as of March 31, 2026. Debt protection metrics were moderate, reflected in estimated interest coverage and DSCR ratios of 1.25 times and 1.15 times, respectively, in FY2026. The financial profile is estimated to remain at similar levels over the medium term.
- **Established operational track record, geographical representation and established relations with customers :**
Narain and Company has been in operation for more than four decades and has seen various business cycles. The firm primarily trades in Mandi Gobindgarh (Punjab) and has successfully retained its top 5 customers, maintaining relationships for more than a decade. As a result, the firm has secured repeat orders due to the wide range of products offered to its customers.

Credit Risks-:

- **Intense competition in the iron and steel and fragmented industry :**
The firm operates in a highly competitive and fragmented iron and steel industry. The firm witnesses intense competition from both organized and unorganized players domestically. This fragmented and highly competitive industry results in price competition thereby posing a threat to the profit margins of the firms operating in the industry.
- **Thin profitability due to the trading nature of operations :**
The firm's profit margin has remained thin over the years due to the low-value-added nature of its trading operations, intense competition, and low product differentiation. The operating margin increased slightly to 3.61% in FY26(P) (up from 3.24% in FY25), while the net profit margin marginally increased to 1.01% in FY26(P) compared to 1.00% in FY25.

- **Partnership Nature of Constitution :**

The firm's partnership structure limits its ability to raise capital and exposes the company to risks associated with potential capital withdrawal by partners, which could adversely impact the capital structure and restrict financial flexibility.

ANALYTICAL APPROACH - Standalone

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

Going forward the firm's ability to improve the scale of operations, improve and maintain profitability, the debt servicing capability & liquidity, and manage its working capital efficiently will be the key rating sensitivities.

Upward:

- The firm improves the scale of operations on a sustained basis, supported by strong order execution and enhanced profitability, with EBITDA margins exceeding 3.50%.
- A healthier debt profile, including Total Debt/TNW below 2.20x, along with better liquidity, would strengthen working capital efficiency.

Downward:

- The ratings may be downgraded if revenue declines on a sustained basis due to weaker demand, or if profitability weakens, with EBITDA margins falling below 3.20%.
- A rising debt burden, where Total Debt/TNW exceeds 3.00x, could indicate a weakened financial position.

LIQUIDITY INDICATORS - Adequate

The firm's liquidity position is adequate. The firm is marked by adequate net cash accruals of Rs. 4.92 Crs and 4.96 to cover CPLTD of Rs. 2.47 Crs and 1.66 in FY26(Provisional) and FY27 (Projected). Debt coverage indicators stood moderate, marked by 1.15 times as of March 31, 2026(P), However, the resourcefulness of the partners is expected to support the liquidity of the firm, and the interest coverage ratio at 1.25 times during FY26 as compared to 1.24 times during FY25. The liquidity ratios are moderately marked by a current ratio of 1.50 times as of March 31, 2026, and are expected to be at similar levels. The cash credit working capital utilisation was 89.28% in the past 9 months. The cash and bank balance is Rs 4.02 Crs as of 31 March 2026.

COMPANY'S PROFILE

Narain & Company, Mandi Gobindgarh (Punjab) based partnership firm between Narain Singla and Manish Singla, is engaged in the trading of iron and steel products such as Billets, TMT REBARS, Bloom, Round, Channel, and Angles. The firm was initially functioning as the proprietorship firm of Narain Singla since 1980 and was later converted to a partnership firm in April 2013. The firm's registered office is located at G T Road, Girder Market, Mandi Gobindgarh, Punjab. Narain and Company (N&C) is a distributor for Rashtriya Ispat Nigam Limited (RINL). The firm procures rounds and billets from RINL. Additionally, before selling its products to auto component manufacturers, the company sources its products from various rolling mills and wholesalers in Mandi Gobindgarh, based on its requirements.

Macro Economic Indicator	Sector	Industry	Basic Industry
Industrials	Capital Goods	Industrial Products	Iron & Steel Products

EGS Profile

The company demonstrates an Adequate ESG profile based on its environmental, social, and governance practices.

Environmental: As a trading business, the company’s environmental impact is mainly limited to its office and warehouse operations, it focuses on managing waste and energy use efficiently.

Social: Social factors hinge on adherence to labour laws, accident prevention frameworks, and employee safety, and staff development.

Governance: Governance assessment focuses on adheres to all regulations and robustness of compliance systems, audit mechanisms, and risk-management practices.

KEY FINANCIAL INDICATORS

Key Financial Indicators	Units	FY 23 -24	FY 24 -25	FY 25 - 26
Result Type		Audited	Audited	Provisional
Operating Revenue	Rs. Crs.	479.49	386.17	415.63
EBITDA	Rs. Crs.	10.91	12.50	14.99
PAT	Rs. Crs.	4.38	3.85	4.20
Tangible Net Worth	Rs .Crs.	34.51	36.50	39.07
Total Debt / Tangible Net Worth	Times	3.55	3.55	3.17
Current Ratio	Times	1.59	1.47	1.50

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY IF ANY:

Credit Rating Agency	Status and Reason for Non-Cooperation	Date of Press Release
IVR	Due to non-submission of the relevant information.	22 May 2025

ANY OTHER INFORMATION:

Not Applicable

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal & suspended]

Facilities	Current Rating (2026)			(2025)			2024		2023		
	Type	Tenure	Amount (Rs.Crs.)	Rating	Date	Amount (Rs.Crs.)	Rating	Date	Rating	Date	Rating
Fund Based	LT	0.00	Withdrawal		25Mar 2025	1.62	BWR BBB-/Stable (Upgrade and Removed from the INC category)	NA	NA	NA	NA
Fund Based	LT	61.50	BWR BBB -/Stable to Negative Reaffirmation and change in outlook		25Mar 2025	62.75	BWR BBB-/Stable (Upgrade and Removed from the INC category)	NA	NA	27Dec 2023	BWR BB Stable (ISSUER NOT COOPERATING*/Downgrade)
Non Fund Based	ST	33.50	BWR A3 Reaffirmation		25Mar 2025	33.50	BWR A3 (Upgrade and Removed from the INC category)	NA	NA	27Dec 2023	BWR A4 (ISSUER NOT COOPERATING*/Downgrade)
NFB Sub Limit	ST	(33.50)	BWR A3 Reaffirmation		25Mar 2025	(33.50)	BWR A3 (Upgrade and Removed from the INC category)	NA	NA		
		(5.00)	BWR A3 Reaffirmation			(5.00)	BWR A3 (Upgrade and Removed from the INC category)				

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to financial ratios](#)
- [Trading Entities](#)
- [Short Term Debt](#)
- [BWR Withdrawal Policy](#)

Analytical Contacts

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Narain and Company
ANNEXURE I

Details of Bank Loan Facilities rated by BWR

Sr. No	Name of the Bank	Type of Facilities	Long Term (Rs.Crs.)	Short Term (Rs.Crs.)	Total (Rs.Crs.)	Complexity of the Instrument
1	Punjab National Bank	Cash Credit - Sanctioned	60.00	-	60.00	Simple##
2	Punjab National Bank	GECL- Out-standing	00.00	-	00.00	Simple##
3	Punjab National Bank	GECL 1.0- Out-standing	1.50	-	1.50	Simple##
4	Punjab National Bank	ILC/FLC-Sanctioned	-	33.50	33.50	Simple##
		BG Sublimit of LC		(33.50)		
		Bill Discounted Sublimit of LC		(5.00)		
Total			61.50	33.50	95.00	
(Rupees Ninety Five Crores Only)						

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.

ANNEXURE II

INSTRUMENT (NCD/Bonds/CP/FDs) DETAILS

Instrument	Issue Date	Amount (Rs.Crs)	Coupon Rate (%)	Maturity Date	ISIN Particulars	Complexity of the Instrument
Nil	Nil	Nil	Nil	Nil	Nil	Nil

ANNEXURE III
List of entities consolidated

Name of Entity	% Ownership	Extent of consolidation	Rationale for consolidation
NA	NA	NA	NA

List of Instruments and Regulators

Instrument / Activity	Regulator
Listed/Proposed to be listed bonds/debentures/preference share (all securities)	SEBI
Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) 1	SEBI
Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) 1	SEBI
Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) 1	RBI
Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/FIs 2	RBI
External Commercial Borrowings and other similar borrowings	RBI
Certificates of Deposit	RBI
Fixed Deposits raised by NBFC's, Banks, HFCs, Fis	RBI
Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, Fis	MCA
Inter Corporate Deposits/Loans extended by Corporates	MCA
Borrowing programme 3	-
Issuer Ratings 4	-
Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
Listed Security Receipts	SEBI
Unlisted Security Receipts	RBI
Independent Credit Evaluation (ICE)	RBI
Expected Loss Ratings (for Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/Fis)	RBI
Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))	SEBI

Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities))	MCA
Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) 1	Investor-side Regulator such as IRDAI, PFRDA 5
Monitoring Agency	SEBI
Research activities, incidental to rating, such as research for Economy, Industries and Companies 6	NA

1. Includes securitisation transactions involving assignee payout, acquirer's payout.
2. Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.
3. The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), BWR shall separately capture the rated quantum details along with names of respective regulators.
4. There is no instrument being rated and hence, Regulator of the Instrument is not applicable.
5. These ratings were assigned during regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and accordingly, investor side regulators have been included.
6. Permitted by SEBI vide SEBI Master Circular for CRAs

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About Brickwork Ratings

Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by Reserve Bank of India [RBI]. BWR is the 5th agency to get a credit rating registration in India in 2009 and its corporate office in Bengaluru. It has a country-wide presence with representatives in 150+ locations. Canara Bank is Brickwork's strategic partner and promoter.

Brickwork offers credit ratings of Bank Loan, Non- convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has also rated NGOs, Educational Institutions, Hospitals, Urban Local Bodies and Municipal Corporations.

Disclaimer

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