Rating Rationale

Sar Ispat Pvt Ltd

28 February 2018

Brickwork Ratings re-affirms ratings for the Bank Loan Facilities of Rs. 27.00 Crs of Sar Ispat Pvt Ltd

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating	
	Previous	Present		Previous	Present
Fund Based Cash Credit	16.00	16.00	Long Term	BWR BB+ (Pronounced BWR Double B Plus) Outlook: Stable	BWR BB+ (Pronounced BWR Double B Plus) Outlook: Stable Reaffirmation
Non-Fund Based Letter of Credit	11.00	11.00	Short Term	BWR A4+ (Pronounced as BWR A Four Plus)	BWR A4+ (Pronounced as BWR A Four Plus) Reaffirmation
Total	27.00	27.00		(INR Twenty Seven 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 principally relied upon the audited financial results up to FY17 and Projected up to FY 19 of **Sar Ispat Pvt Ltd**, publicly available information and information/clarification provided by the firm.

The rating assigned derived its strength from the promoters' vast experience in Iron and Steel Industry, Increase in net revenue, low gearing considering the quasi equity, improvement in overall financial profile. However, the rating is constrained by Low profit margin, volatility in raw material prices and intense competition in steel industry.

Rating Outlook: Stable

BWR believes the business risk profile **Sar Ispat Pvt Ltd** 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

Sar Ispat Pvt Ltd was incorporated & established in 1998 by Mr. Ashwini Kumar Bhatia. In August 2007, company was taken over by AKS Group, promoted by Mr. N.C Kothari and Sanjay Sharma. The company's registered office is located in Wall Tax Road, Chennai. Sar Ispat Pvt Ltd is engaged in manufacturing of Billet in its unit located in Eripakkam Vill, Nettapakkam Commune, Pondicherry. The existing unit is manufacturing steel billet through induction furnace and continuous casting machine(CCM). The unit has 2 induction furnace and one CCM having production capacity of ~36000 MT annually.

Key Financial Indicators

Particulars	FY14 (Actuals)	FY15 (Actuals)	FY16 (Actuals)	FY17 (Actuals)
Total Income (In Crs)	63.30	54.92	112.22	166.79
EBITDA (In Crs)	-2.26	-1.51	1.12	5.63
PAT (In Crs)	-2.63	0.26	0.81	1.15
Net worth (In Crs)	14.68	15.24	16.05	17.19
Total Debt / TNW (Times)	1.08	1.08	1.88	1.84
Current Ratio (Times)	1.31	1.30	1.61	1.59

Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/ Facility	Rating History						
		Type (Long Term/Short Term)	Present Amount (Rs Crs)	**Rating- Feb 2018**	2017 Mid Term Review 12/07/2017	2016 30/11/2016	2015	2016
1.	Cash Credit	Long Term	16.00	**BWR BB+ Outlook - Stable Reaffirmation**	BWR BB+	BWR BB	NA	
2.	Letter of Credit	Short Term	11.00	**BWR A4+ Reaffirmation**	BWR A4+	BWR A4		
		Total	27.00	Twenty Seven Crores Only				

Status of non cooperation with Previous CRA : Non Applicable

Any other information: Non Applicable

Hyperlink/Reference to applicable Criteria

- General Criteria
- Approach to Financial Ratios
- Short Term Debt

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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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