



Rating Rationale

Vardhman Industrial Steel Pvt Ltd

7 Feb 2018

Brickwork Ratings assigns ratings for the Bank Loan facilities aggregating Rs. 12.00 Cr of Vardhman Industrial Steel Pvt Ltd.

Particulars:

Facility	Amount Rated (Cr)	Tenure	Rating Assigned
Fund Based Cash Credit	12.00	Long Term	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable
Total	12.00	INR Twelve Crore 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 upto FY17, publicly available information and information/ clarifications provided by the company.

The rating draws comfort from the Experienced Promoters, The rating is however, constrained by Low Tangible Networth, High Gearing Level, Thin Profitability Margins, Weak Debt protection Metrics and Raw Material Price Fluctuation Risk.

Key Rating Drivers

Credit Strengths

- **Experience of Promoter:** Directors and Promoters of the firm have more than two decades of experience in the Steel Industry and have gained thorough knowledge of the market.

Credit Weakness

- **Low Tangible Networth:** Although Tangible Networth increased to Rs 4.41 Cr as on 31.03.2017 as against Rs 4.30 Cr for the FY-16 due to retention of profits but still it is considered Low.



- **High Gearing level:** Although Gearing Level (TOL/TNW) improved to 6.70X as against 9.39X due to reduced borrowings but still it is at high level.
- **Weak Debt Protection Metrics:** ISCR for FY-17 improved to 1.19X as against 1.11X for FY-16 due to decreased financial cost for FY-17. ISCR is at lower side due to trading nature of the business.
- **Price fluctuation Risk:** The company is exposed to fluctuations in the prices of raw materials. As a result the profitability margins are susceptible to input price fluctuation.

Rating Outlook: Stable

BWR believes the Vardhman Industrial Steel Pvt Ltd 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 there is a sustained improvement in the revenues and profits of the company. The rating outlook may be revised to 'Negative' if the revenues and profits shows declining trend.

About the Company

Vardhman Industrial Steel Private Limited incorporated in the year 2011 is into the business of Steel trading. Mr. Sushil Jain and Mrs. Anju Jain are promoters and directors in the company and are at helm of the affairs of the company.

Its product base ranges from Steel Pipes, HR Sheets, Plates, CR Sheets and Angles. Its office and processing unit is located at Bahadurgarh, Haryana.

Company Financial Performance

Key Parameters	Units	FY-17 (Audited)	FY-16 (Audited)
Total Operating Income	Cr	58.35	59.51
EBITDA	Cr	2.16	2.41
Tangible Networth	Cr	4.41	4.30
TOL/TNW	Times	6.70	9.39
Current Ratio	Times	1.19	1.15



PAT	Cr	0.11	0.14
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Status of non-cooperation with previous CRA: NA

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

Facility	Amount Rated (Cr)	Tenure	Rating Assigned (2017)	2016	2015	2014
Fund Based Cash Credit	12.00	Long Term	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable	NA	NA	NA
Total	12.00	INR Twelve Crore Only				

Hyperlink/Reference to applicable Criteria

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

For any other criteria obtain hyperlinks from website

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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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