

September 16, 2014

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	20.00	SMERA B/Stable (Assigned)
Term Loan	22.00	SMERA B/Stable (Assigned)
Bank Guarantee	0.80	SMERA A4 (Assigned)

SMERA has assigned ratings of '**SMERA B**' (**read as SMERA single B**) and '**SMERA A4**' (**read as SMERA A four**) to the abovementioned bank facilities of Agarwal TMT Industries Private Limited (ATIPL). The outlook is '**Stable**'. The ratings are mainly constrained by project execution and commissioning risks associated with the company's upcoming manufacturing unit. The ratings are also constrained by the company's presence in an intensely competitive segment of the steel industry. The ratings factor in the risk of cyclical inherent in the company's end-user industry (construction). However, the ratings are supported by the company's experienced management. The ratings also draw comfort from the financial closure of the company's project.

ATIPL, incorporated in May 2012, is an Ahmedabad-based company established to undertake the business of manufacturing thermo mechanically treated (TMT) bars. ATIPL is currently setting up a factory unit with total installed capacity of 1,20,000 metric tonnes per annum (MTPA) in Bavla, Ahmedabad. The commercial production was scheduled to commence in April 2014; however, there were delays in project execution and the company now expects to start commercial operations in December 2014. Any further delay in project execution will have an adverse impact on the company's ability to generate adequate cash flows for debt servicing. ATIPL will face intense competition from several manufacturers of TMT bars. The company's business operations will be susceptible to the ongoing slowdown in the construction industry (the end-user industry of TMT bars).

ATIPL benefits from its experienced management. Mr. Sandip Agarwal, director of ATIPL, has around 18 years of experience in the iron and steel industry. The company's project has achieved financial closure and the project debt-equity ratio is 1.48 times.

Outlook: Stable

SMERA believes the outlook on ATIPL's rated facilities will remain stable over the medium term. The outlook may be revised to 'Positive' in case the company generates healthy cash flows from operations after commissioning the project according to the revised timeline. The outlook may be revised to 'Negative' in case of further delays in project execution.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.

About the company

ATIPL was incorporated in May 2012 to undertake the business of manufacturing TMT bars. The company is currently setting up a factory unit with total installed capacity of 1,20,000 MTPA in Bavla, Ahmedabad. The civil work of the project is nearly complete, whereas installation of plant and machinery is 75 per cent complete as on August 31, 2014. The total project cost is estimated at Rs.44.78 crore, which is funded through a bank loan of Rs.22.00 crore, equity capital of Rs.18.00 crore and unsecured loan of Rs.4.78 crore. ATIPL's net worth stood at Rs.3.51 crore (provisional) as on March 31, 2014.

ATIPL has an administrative office in Ahmedabad, Gujarat. The company is promoted by Mr. Rajan Jain, Mr. Sandip Agarwal, Mr. Sanjay Bindal and Mr. Pradeep Dhandharia.

Contact List:

Media/Business Development	Analytical Contacts	Rating Desk
Mr. Sanjay Kher Vice President – Sales, Corporate Ratings Tel: +91-22- 67141193 Cell : +91 9819136541 Email: sanjay.kher@smera.in Web: www.smera.in	Mr. Ashutosh Satsangi, Vice President – Operations Tel: +91-22-67141107 Cell: +91 9819293790 Email: ashutosh.satsangi@smera.in	Tel: +9122-67141128 Email: ratingdesk@smera.in

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.