

November 10, 2014

Facilities	Amount (Rs. Crore)	Rating
Term Loan	7.00	SMERA B/Stable (Assigned)
Cash Credit	9.00	SMERA B/Stable (Assigned)
Cash Credit (proposed)	6.00	SMERA B/Stable (Assigned)

SMERA has assigned a rating of '**SMERA B**' (**read as SMERA single B**) to the Rs.22.00 crore bank facilities of A-One Steel and Alloys Private Limited (AOSAPL). The outlook is '**Stable**'. The rating is mainly constrained by the company's short track record of operations in an intensely competitive segment of the steel industry. The rating factors in the cyclical risk inherent in the company's end-user industries (real estate and automobile). The rating is also constrained by the company's high debt-equity ratio. However, the rating derives comfort from the company's experienced management.

AOSAPL, incorporated in 2012, is a Karnataka-based company engaged in manufacturing of mild steel (MS) billets and thermo mechanically treated (TMT) bars. AOSAPL started commercial operations in June 2013. The company operates in an intensely competitive segment of the steel industry. AOSAPL is exposed to the cyclical risk inherent in its end-user industries (real estate and automobile). The company's debt-equity ratio is high at 3.98 times as on March 31, 2014. AOSAPL's total debt of Rs.19.58 crore (as on March 31, 2014) includes interest-free unsecured loan of Rs. 3.90 crore and working capital short-term loan of Rs.8.67 crore.

AOSAPL benefits from its experienced management. Mr. Sunil Kumar Jallan and Mr. Sandeep Kumar Jallan, directors of AOSAPL, have around ten years of experience in the iron and steel industry.

Outlook: Stable

SMERA believes the outlook on AOSAPL's rated facilities will remain stable over the medium term. The outlook may be revised to 'Positive' in case the company registers healthy growth in revenues and profit margins while achieving a comfortable financial risk profile. Conversely, the outlook may be revised to 'Negative' in case the company registers lower-than-expected growth in revenues, or in case of deterioration in the company's financial risk profile.

About the company

AOSAPL, incorporated in 2012, is a Karnataka-based company promoted by Mr. Sunil Kumar Jallan and Mr. Sandeep Kumar Jallan. AOSAPL started commercial operations in June 2014. The company manufactures mild steel (MS) billets and thermo mechanically treated (TMT) bars.

For FY2013-14, AOSAPL reported profit after tax (PAT) of Rs.0.31 crore on operating income of Rs.66.05 crore. AOSAPL's net worth stood at Rs.4.92 crore as on March 31, 2014.

Contact List:

Media / Business Development	Analytical Contacts	Rating Desk
Mr.Sanjay Kher Vice President – Sales, Corporate Rating Tel: +91-22-6714 1193 Cell: +91 9819136541 Email: sanjay.kher@smera.in Web: www.smera.in	Mr. Ashutosh Satsangi Vice President – Operations Tel: +91-22-6714 1107 Email: ashutosh.satsangi@smera.in	Tel: +91-22-6714 1170 Email: ratingdesk@smera.in