

October 21, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	18.00	SMERA BB/Stable (Assigned)
Import/Inland Letter Of Credit	6.00	SMERA A4+ (Assigned)

SMERA has assigned a long-term rating of '**SMERA BB**' (read as **SMERA double B**) and short-term rating of '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs.24 crore bank facilities of Tarini Steel Company Limited (TSCL). The outlook is '**Stable**'. The ratings derive comfort from the promoter's extensive experience in the steel industry and above average financial risk profile marked by comfortable capital structure and debt protection metrics. However, the rating is constrained by the susceptibility of the operating margins to volatility in raw material prices and working capital intensive operations.

Rating Sensitivity Factors

- Substantial and sustainable growth in revenues or operating margins
- Volatility in key raw material prices
- Working capital management
- Future capital expenditure plans and funding mix thereof

Outlook: Stable

SMERA believes that TSCL will continue to benefit over the medium term from its promoters extensive experience in the steel industry. The outlook may be revised to 'Positive' if the company significantly scales up its operations and improves profitability, leading to better-than-expected cash accruals. Conversely, the outlook may be revised to 'Negative' if TSCL undertakes a larger than-expected debt-funded capex programme or reports a decline in revenues or profitability, thereby weakening the financial risk profile.

About the Company

Incorporated in 1988, TSCL manufactures and trades in products such as bright bars, steel bars and wires among others. The company, promoted by Mr. Sanjay Agarwal and Mr. Santosh Agarwal is located at MIDC (Pune), Maharashtra.

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SMERA RATINGS LIMITED

Tarini Steel Company Limited (TSCL)

**Rating
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