

Press Release

Aarti Steels Limited

August 01, 2019



Rating Update

| | |
|-------------------------------------|---|
| Total Bank Facilities Rated* | Rs. 507.33 Cr. |
| Long Term Rating | ACUITE A- Issuer not co-operating; Withdrawn* |
| Short Term Rating | ACUITE A2+ Issuer not co-operating; Withdrawn* |

#Refer Annexure for details

*The issuer did not co-operate; based on best available information.

Rating Rationale

Acuité has withdrawn the long term rating of '**ACUITE A-**' (**read as ACUITE A minus**) and the short term rating of '**ACUITE A2+**' (**read as ACUITE A two plus**) on the Rs. 507.33 crore bank facilities of Aarti Steels Limited (ASL). The rating withdrawal is in accordance with the Acuité's 'policy on withdrawal of rating'.

The rating is being withdrawn on account of request received from the company and NOC from the banker.

Punjab-based Aarti Steels Limited (ASL) established in 1979 was promoted by Mr. Mittal and family. The company is engaged in the manufacture of sponge iron (capacity 320,000 TPA), steel ingot/billets (230,500 TPA), ferro alloys (25000 TPA) among others. ASL has two power plants (40 MW & 50 MW) with manufacturing facilities located in Ludhiana, Punjab and Cuttack, Odisha.

Analytical approach

Acuité has considered the standalone business and financial risk profile of ASL.

About the Rated Entity Financials

| | Unit | FY18 (Actual) | FY17 (Actual) | FY16 (Actual) |
|-------------------------------|---------|---------------|---------------|---------------|
| Operating Income | Rs. Cr. | 1660.28 | 1252.85 | 1191.19 |
| EBITDA | Rs. Cr. | 213.89 | 164.57 | 172.42 |
| PAT | Rs. Cr. | 114.37 | 75.83 | 77.59 |
| EBITDA Margin | (%) | 12.88 | 13.14 | 14.47 |
| PAT Margin | (%) | 6.89 | 6.05 | 6.51 |
| ROCE | (%) | 20.18 | 17.74 | 39.32 |
| Total Debt/Tangible Net Worth | Times | 0.44 | 0.38 | 0.46 |
| PBDIT/Interest | Times | 8.40 | 5.90 | 4.74 |
| Total Debt/PBDIT | Times | 1.37 | 1.26 | 1.25 |
| Gross Current Assets (Days) | Days | 154 | 149 | 135 |

Status of non-cooperation with previous CRA (if applicable):

None

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

- Trading Entities: <https://www.acuite.in/view-rating-criteria-6.htm>
- Application of Financial Ratios and Adjustments: <https://www.acuite.in/view-rating-criteria-20.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-17.htm>

Note on complexity levels of rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Up to last three years)

| Date | Name of Instrument / Facilities | Term | Amount (Rs. Cr.) | Ratings/Outlook |
|-------------|---------------------------------|------------|------------------|-------------------------|
| 13-Oct-2018 | Cash Credit I | Long Term | 25.00 | ACUITE A- (Indicative) |
| | Cash Credit II | Long Term | 140.00 | ACUITE A- (Indicative) |
| | Cash Credit III | Long Term | 50.00 | ACUITE A- (Indicative) |
| | Cash Credit IV | Long Term | 15.00 | ACUITE A- (Indicative) |
| | Cash Credit V | Long Term | 70.00 | ACUITE A- (Indicative) |
| | Term Loan I | Long Term | 5.26 | ACUITE A- (Indicative) |
| | Term Loan II | Long Term | 3.81 | ACUITE A- (Indicative) |
| | Term Loan III | Long Term | 5.60 | ACUITE A- (Indicative) |
| | Term Loan IV | Long Term | 2.66 | ACUITE A- (Indicative) |
| | Bank Guarantee | Short Term | 10.00 | ACUITE A2+ (Indicative) |
| | Bank Guarantee/Letter of Credit | Short Term | 25.00 | ACUITE A2+ (Indicative) |
| | Inland/ Import Letter of credit | Short Term | 20.00 | ACUITE A2+ (Indicative) |
| 02-Aug-2017 | Letter of Credit | Short Term | 20.00 | ACUITE A2+ (Indicative) |
| | Non Fund Based Limit | Short Term | 115.00 | ACUITE A2+ (Indicative) |
| | Cash Credit I | Long Term | 25.00 | ACUITE A- (Indicative) |
| | Cash Credit II | Long Term | 140.00 | ACUITE A- (Indicative) |
| | Cash Credit III | Long Term | 50.00 | ACUITE A- (Indicative) |
| | Cash Credit IV | Long Term | 15.00 | ACUITE A- (Indicative) |
| | Cash Credit V | Long Term | 70.00 | ACUITE A- (Indicative) |
| | Term Loan I | Long Term | 5.26 | ACUITE A- (Indicative) |
| | Term Loan II | Long Term | 3.81 | ACUITE A- (Indicative) |

| | | | | |
|-------------|-----------------------------------|------------|--------|--|
| 05-May-2016 | Bank Guarantee | Short Term | 10.00 | (Indicative) ACUITE A2+ (Indicative) |
| | Bank Guarantee/Letter of Credit | Short Term | 25.00 | ACUITE A2+ (Indicative) |
| | Inland/ Import Letter of credit | Short Term | 20.00 | ACUITE A2+ (Indicative) |
| | Letter of Credit | Short Term | 20.00 | ACUITE A2+ (Indicative) |
| | Non Fund Based Limit | Short Term | 115.00 | ACUITE A2+ (Indicative) |
| | Cash Credit I | Long Term | 25.00 | ACUITE A- / Stable (Assigned) |
| | Cash Credit II | Long Term | 140.00 | ACUITE A- / Stable (Assigned) |
| | Cash Credit III | Long Term | 50.00 | ACUITE A- / Stable (Assigned) |
| | Cash Credit IV | Long Term | 15.00 | ACUITE A- / Stable (Assigned) |
| | Cash Credit V | Long Term | 70.00 | ACUITE A- / Stable (Assigned) |
| | Term Loan I | Long Term | 5.26 | ACUITE A- / Stable (Assigned) |
| | Term Loan II | Long Term | 3.81 | ACUITE A- / Stable (Assigned) |
| | Term Loan III | Long Term | 5.60 | ACUITE A- / Stable (Assigned) |
| | Term Loan IV | Long Term | 2.66 | ACUITE A- / Stable (Assigned) |
| | Bank Guarantee | Short Term | 10.00 | ACUITE A2+ (Assigned) |
| | Bank Guarantee / Letter of Credit | Short Term | 25.00 | ACUITE A2+ (Assigned) |
| | Inland/ Import Letter of credit | Short Term | 20.00 | ACUITE A2+ (Assigned) |
| | Letter of Credit | Short Term | 20.00 | ACUITE A2+ (Assigned) |
| | Non Fund Based Limit | Short Term | 115.00 | ACUITE A2+ (Assigned) |

#Annexure – Details of instruments rated

| Name of the Facilities | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. Cr.) | Ratings |
|------------------------|------------------|----------------|----------------|-----------------------------|---|
| Cash Credit I | Not Applicable | Not Applicable | Not Applicable | 25.00 | ACUITE A- Withdrawn; Issuer not co-operating* |
| Cash Credit II | Not Applicable | Not Applicable | Not Applicable | 140.00 | ACUITE A- Withdrawn; Issuer not co-operating* |
| Cash Credit III | Not Applicable | Not Applicable | Not Applicable | 50.00 | ACUITE A- Withdrawn; Issuer not co-operating* |
| Cash Credit IV | Not Applicable | Not Applicable | Not Applicable | 15.00 | ACUITE A- Withdrawn; Issuer not co-operating*) |
| Cash Credit V | Not Applicable | Not Applicable | Not Applicable | 70.00 | ACUITE A- Withdrawn; Issuer not |

| | | | | | |
|-------------------------------------|----------------|----------------|----------------|--------|---|
| | | | | | co-operating* |
| Term Loan I | Not Applicable | Not Applicable | Not Applicable | 5.26 | ACUITE A- Withdrawn; Issuer not co-operating* |
| Term Loan II | Not Applicable | Not Applicable | Not Applicable | 3.81 | ACUITE A- Withdrawn; Issuer not co-operating* |
| Term Loan III | Not Applicable | Not Applicable | Not Applicable | 5.60 | ACUITE A- Withdrawn; Issuer not co-operating* |
| Term Loan IV | Not Applicable | Not Applicable | Not Applicable | 2.66 | ACUITE A- Withdrawn; Issuer not co-operating* |
| Bank Guarantee | Not Applicable | Not Applicable | Not Applicable | 10.00 | ACUITE A2+ Withdrawn; Issuer not co-operating* |
| Bank Guarantee/ Letter of Credit | Not Applicable | Not Applicable | Not Applicable | 25.00 | ACUITE A2+ Withdrawn; Issuer not co-operating* |
| Inland/ Import Letter of credit | Not Applicable | Not Applicable | Not Applicable | 20.00 | ACUITE A2+ Withdrawn; Issuer not co-operating* |
| Letter of Credit | Not Applicable | Not Applicable | Not Applicable | 20.00 | ACUITE A2+ Withdrawn; Issuer not co-operating* |
| Non Fund Based Limit | Not Applicable | Not Applicable | Not Applicable | 115.00 | ACUITE A2+ Withdrawn; Issuer not co-operating* |

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About Acuité Ratings & Research:

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