

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Long Term Rating	ACUITE A- Issuer not co-operating; Withdrawn*
Short Term Rating	ACUITE A2+ Issuer not co-operating; Withdrawn*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

Acuite has withdrawn the long term rating of '**ACUITE A-** (read as **ACUITE A minus**)' and the short term rating of '**ACUITE A2+** (read as **ACUITE A two plus**)' on the Rs.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 Acuite'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The rating is being withdrawn on account of request received from the company and NOC from the banker.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

Acuite 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

Acuite 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)
	Letter of Credit	Short Term	20.00	ACUITE A2+ (Indicative)
	Non Fund Based Limit	Short Term	115.00	ACUITE A2+ (Indicative)
02-Aug-2017	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)
	Letter of Credit	Short Term	20.00	ACUITE A2+ (Indicative)
	Non Fund Based Limit	Short Term	115.00	ACUITE A2+ (Indicative)
05-May-2016	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*

Contacts

Analytical	Rating Desk
Aditya Gupta Head - Corporate and Infrastructure Sector Ratings Tel: 022-49294041 aditya.gupta@acuite.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in
Rishabh Mundada Analyst - Rating Operations Tel: 022-49294051 rishabh.mundada@acuite.in	

About Acuité Ratings & Research:

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