

Press Release

Sivana Steel And Power Private Limited

13 April, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 9.00 Cr.
Long Term Rating	SMERA B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B' (read as SMERA B)** on the Rs. 9.00 crore bank facilities of Sivana Steel And Power Private Limited. The outlook is '**Stable**'.

Sivana Steel and Power Private Limited, a Chhattisgarh based company was incorporated in the year 2017 by Mr. Ramesh Kumar Aggarwal, Mr. Neeraj Aggarwal and Mr. Gaurav Aggarwal. The company is mainly engaged in manufacturing of steel ingots with an installed capacity of 30000 Metric Tonnes (MT) per annum. The company is mostly supplying steel ingots to cold rolling steel plants and mills located in Chattishgarh and Uttar Pradesh.

Key Rating Drivers

Strengths

- **Experienced management**

The company is managed by Mr. Ramesh Kumar Aggarwal, Mr. Neeraj Aggarwal and Mr. Gaurav Aggarwal. The promoters are having more than three decades of experience in the same line of business through its group companies namely Bajrang Steel and Alloys Limited, Vishal Ferro Alloys Limited and Western Alloy Steels private Limited. Further, Mr. Neeraj Aggarwal is a graduate from U.K and is currently managing day to day operations of the company.

- **Locational advantages**

The company is having locational advantage as it is located in the iron belt of Chhattisgarh. Further being close to neighboring states like Odisha, Jharkhand and West Bengal, the company is having locational advantage in terms of marketability. Moreover, the main cost component of production process is electricity which the company is getting from Jindal Power, as it is located in SEZ area, O.P Jindal Industrial Park.

Weaknesses

- **Small scale of operations**

The company was incorporated in the year 2017 and started its operations in the month of July 2017. The company has booked revenues of around Rs. 30 crores till February 2018 (provisional).

- **Presence in competitive and fragmented industry**

The company is operating in highly competitive steel industry which is mainly dominated by several organized and unorganized players. Further, Chhattisgarh region is itself dominated by several large players. Hence the company is exposed to intense competition.

Analytical Approach

SMERA has taken standalone financials of the company

Outlook: Stable

SMERA, believes that Sivana Steel and Power Private Limited will benefit over the medium term from the

promoter's experience in the iron and steel industry. The outlook may be revised to Positive' if the company registers significant and sustainable growth in revenue and profitability. Conversely, the outlook may be revised to 'Negative' in case of company registers significant decline in cash accruals or stretched working capital cycle resulting in deterioration of its financial risk profile.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	0.00	0.00	0.00
EBITDA	Rs. Cr.	0.00	0.00	0.00
PAT	Rs. Cr.	0.00	0.00	0.00
EBITDA Margin	(%)	0.00	0.00	0.00
PAT Margin	(%)	0.00	0.00	0.00
ROCE	(%)	0.00	0.00	0.00
Total Debt/Tangible Net Worth	Times	2.00	0.00	0.00
PBDIT/Interest	Times	0.00	0.00	0.00
Total Debt/PBDIT	Times	0.00	0.00	0.00
Gross Current Assets (Days)	Days	0	0	0

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

Not Applicable

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	SMERA B / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	4.00	SMERA B / Stable

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