

Press Release

Om Sai Ispat

September 14, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 8.00 Cr.
Long Term Rating	ACUITE B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B**' (read as **ACUITE B**) to the Rs. 8.00 crore bank facilities of Om Sai Ispat (OSI). The outlook is '**Stable**'.

The Raigarh based, OSI was established as a partnership firm in FY2017 by Mr. Vikas Agrawal and Mr. Navneet Agrawal. The firm is engaged in manufacturing of steel ingots and runners & risers out of sponge iron and pig iron. The firm has installed capacity of 28800MT per annum. It caters to rolling mills located in Kanpur, Gaziabad, among others. The commercial operations started from June 2018.

Analytical Approach

Acuité has considered standalone business and financial risk profile of OSI to arrive at the rating.

Key Rating Drivers:

Strengths

- **Experienced management**

The firm is managed by Mr. Navneet Agrawal and Mr. Vikas Agrawal who have experience of more than a decade in the steel and iron industry. The long standing presence in the industry has helped the firm in acquiring customers.

Weaknesses

- **Limited track record of operation**

OSI's commercial operation began from June 2018 and has booked turnover of Rs.10.19 crore with total production of ~900 MT till August 10, 2018. The project is funded by term loan of Rs.4.96 crore, the repayment of which will begin from October 2018. The firm will have to demonstrate optimum capacity utilisation so as to generate adequate cash flows to commensurate with its debt obligations.

- **Competitive and fragmented industry**

This firm operates in competitive and fragmented industry with limited entry barriers resulting in limited bargaining power. The firm will face competition from other manufacturers located within the same area.

Outlook: Stable

Acuité believes that the outlook of the OSI will remain 'Stable' over the medium term on account of its experienced promoters in the steel and metal industry. The outlook may be revised to 'Positive' if firm is able to achieve higher than expected growth in revenue along with profitability while maintaining comfortable liquidity position. On the contrary, the outlook may be revised to 'Negative' in case of suboptimal utilisation of installed capacity with lower margins, impacting the credit profile of the firm.

About the Rated Entity - Key Financials

Not Applicable as the commercial operations started in June 2018.

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

None

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.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
Term loans	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE B / Stable
Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE B / Stable

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About Acuité Ratings & Research:

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