



Press Release
A S STEEL TRADERS
February 18, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	31.00	ACUITE BBB Stable Reaffirmed	-
Bank Loan Ratings	17.00	-	ACUITE A3+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	48.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of ‘**ACUITE BBB**’ (read as **ACUITE triple Ba**) and its short-term rating of ‘**ACUITE A3+**’ (read as **ACUITE A three plus**) on the Rs.48.00 Cr bank facilities of A S Steel Traders (ASST). The outlook remains ‘**Stable**’.

Rationale for Rating Reaffirmation

The rating reaffirmation reflects the moderation in the operating performance of the group marked by the moderate scale of operations and moderate profitability margins. The rating further draws comfort from extensive experience of the management, established operations of the group and efficient working capital management. However, the rating strengths are partially offset by the moderate financial risk profile of the group and exposure to the inherent cyclicity in the steel industry.

About Company

Established in 1987, A S Steel Traders (ASST) is a partnership firm promoted by Mr. Nagesh Anumalisetty and Mr. Magesh Anumalisetty. ASST is an authorised distributor of steel products of Rashtriya Ispat Nigam Limited (RINL) and Steel Exchange India Limited. The firm has a MoU with RINL for stock lifting from the locations of Visakhapatnam, Vijayawada and Hyderabad, and has emerged as one of the leading distributors of RINL in Visakhapatnam region.

About the Group

Incorporated in 2003, A S Steel Traders (VSP) Private Limited (ASPL) is based in Visakhapatnam and engaged in the trading of iron & steel. The company is promoted by Mr. Nagesh Anumalisetty and Mr. Magesh Anumalisetty. ASPL primarily trades in customized steel products such as billets and blooms and all other products of iron and steel. The company procures from eminent clients such as RINL, Jindal Steel, TATA Steel BSL Limited among few. It caters to manufacturers and re-rollers situated in Maharashtra, Karnataka, Gujarat and Chhattisgarh.

Unsupported Rating

Not Applicable

Analytical Approach**Extent of Consolidation**

• Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

For arriving at the rating, Acuité has consolidated the business and financial risk profiles of A S Steel Traders (ASST) and A S Steel Traders (VSP) Private Limited (ASPL), together referred to as the 'A S Steel Group' (ASG) on account of same line of business, common management and significant operational linkages.

Key Rating Drivers

Strengths

Established relationship with OEMs buoyed by experienced management

The promoters, Mr. Nagesh Anulmalisetty and his brothers possess more than three decades of experience in the iron & steel industry. The expertise of the management has aided in establishing and maintaining healthy relationship with OEMs. AS group has been dealing with Rashtriya Ispat Nigam Limited (RINL) as an authorised distributor for more than a decade and has an MoU with the same for stock lifting from the locations of Visakhapatnam, Vijaywada, and Hyderabad. In addition to this, the group trades customized products of Jindal Steel, TATA Steel, BSL Private Limited to wide clientele located in states of Maharashtra, Karnataka, Gujarat and Chhattisgarh. Acuité believes that, the extensive experience of the management and healthy relationships with the clientele will continue to support the growth plans of the group.

Moderation in Operating Performance

The group has achieved healthy revenues of Rs.964.59 Cr in FY2024 as against Rs.884.71 Cr in FY2023, the improvement is on account of improved realisations. However, scale of the operations slightly moderated in FY2025 and stood at around Rs.760 crores mainly due to a contraction in the steel demand on account of high inflation, increasing interest rates. Further, the operating margin of the group stood at 1.54 per cent FY2024 as against 1.85 per cent in FY2023. The PAT margin stood at 1.15 per cent in FY2024 as compared to 1.14 per cent in FY2023.

Acuité believes that, the group's operating performance will remain steady over the medium term supported by expansion in the steel demand owing to strong momentum in infrastructure spending and sustained growth in urban consumption.

Efficient Working Capital Management

The efficient working capital management of the group is marked by Gross Current Asset (GCA) of 74 days in FY2024 as compared to 61 days in FY2023. The comfortable GCA days is on account of low inventory period and comfortable debtor cycle. The inventory days stood low at 21 days in FY2024 as against 22 days in FY2023 due to timely available stock owing to close proximity to the steel plants. Moreover, the debtor days stood at 45 days in FY2024 compared to 31 days in FY2023. The working capital limits remained utilised at 81.68 per cent over last ten months ended January, 2025. Acuité believes that the working capital management of the group will continue to remain efficient as evident from the low inventory levels and the efficient collection mechanism over the medium term.

Weaknesses

Moderate financial risk profile

The company's moderate financial risk profile is marked by modest networth base, moderate gearing and comfortable debt protection metrics. The tangible net worth of the company increased to Rs.70.91 crores as on 31st March, 2024 from Rs.60.44 crores as on 31st March, 2023 due to accretion of profits into reserves. The gearing of the company stood moderate at 1.55 times as on 31st March, 2024 as compared to 1.12 times as on 31st March, 2023 due to increase in the total debt burden. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 2.29 times as on 31st March, 2024 as against 1.73 times as on 31st March, 2023. The debt protection metrics of the company is comfortable marked by Interest Coverage Ratio at 2.84 times and Debt Service Coverage Ratio at 2.20 times as on 31st March, 2024. The Net Cash Accruals/Total Debt (NCA/TD) stood at 0.11 times as on 31st March, 2024. Acuité believes that going forward the financial risk profile of the company will continue to remain moderate on account of steady accruals.

Intense competition and inherent cyclical nature of steel industry

AS group is exposed to intense competition in the steel sector due to the presence of large number of unorganised players on account of low entry barriers with little technology intensity and limited differentiation in end products. Demand for steel products predominantly depends on the construction and infrastructure sectors. Thus, ASG's business risk profile is exposed to the inherent cyclical nature in these sectors.

Rating Sensitivities

- Sustained improvement in revenues and profitability
- Changes in financial risk profile
- Deterioration in working capital cycle

Liquidity Position

Adequate

The group's liquidity position is adequate marked by steady net cash accruals of Rs.11.57 Cr in FY2024 as against long term debt repayment of Rs.1.05 Cr over the same period. The current ratio stood comfortable at 1.36 times as on March 31, 2024 as against 1.46 times as on March 31, 2023. The cash and bank balances of the group stood at Rs.0.14 crores as on March 31, 2024 and the fund based limit remained utilised at 81.68 per cent over the ten months ended January, 2025. Moreover, the working capital cycle of the group is efficient marked by Gross Current Asset (GCA) of 74 days in FY2024 as compared to 61 days in FY2023.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	964.59	884.71
PAT	Rs. Cr.	11.11	10.09
PAT Margin	(%)	1.15	1.14
Total Debt/Tangible Net Worth	Times	1.55	1.12
PBDIT/Interest	Times	2.84	3.03

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

Not Applicable

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
22 Nov 2023	Bank Guarantee (BLR)	Short Term	20.00	ACUITE A3+ (Reaffirmed)
	Cash Credit	Long Term	28.00	ACUITE BBB Stable (Reaffirmed)
17 Jul 2023	Bank Guarantee (BLR)	Short Term	20.00	ACUITE A3+ (Reaffirmed)
	Cash Credit	Long Term	28.00	ACUITE BBB Stable (Reaffirmed)
21 Apr 2022	Bank Guarantee (BLR)	Short Term	20.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Cash Credit	Long Term	28.00	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
South Indian Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	28.00	Simple	ACUITE BBB Stable Reaffirmed
Indusind Bank Ltd	Not avl. / Not appl.	Channel/Dealer/Vendor Financing	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE BBB Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	17.00	Simple	ACUITE A3+ Reaffirmed

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr. No.	Company Name
1.	A S Steel Traders
2.	A S Steel Traders VSP Private Limited

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About Acuité Ratings & Research

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