

## Press Release

### Western Stainless Steel LLP

July 05, 2019



#### Rating Assigned

<b>Total Bank Facilities Rated*</b>	Rs. 6.12 Cr.
<b>Long Term Rating</b>	ACUITE B / Outlook: Stable
<b>Short Term Rating</b>	ACUITE A4

\* Refer Annexure for details

#### Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B**' (**read as ACUITE B**) and short-term rating of '**ACUITE A4**' (**read as ACUITE A four**) on the Rs. 6.12 crore bank facilities of WESTERN STAINLESS STEEL LLP (WSSL). The outlook is '**Stable**'.

Established in 2018, WSSL is a Delhi-based company promoted by Mr. Vishal Aggarwal, Mr. Gaurav Aggarwal and Mr. Arun Aggarwal. The firm started its commercial production from February, 2019. The firm is engaged in manufacturing of stainless steel ingots. The firm has its manufacturing unit located at Village Kerala in Gujarat with installed capacity of 16,800 MTPA.

#### Analytical Approach

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

#### Key Rating Drivers

##### Strengths

- **Experienced management**

The promoter, Mr. Vishal Aggarwal possesses experience of more than a decade in steel industry. Before promoting WSSL, Mr. Vishal Aggarwal acquired experience from M/s Vishal Ferro Alloys Private Limited (engaged in manufacturing of M S Steel ingots). Acuité believes that WSSL will benefit from experienced management which will help the firm to maintain long standing relations with its customers and suppliers.

##### Weaknesses

- **Debt funded capital expenditure**

The total project cost of WSSL is Rs.8.33 crore which is financed through a term loan of Rs.2.25 crore and promoter's funds of Rs.6.08 crore. The operations of the firm started from February 2019 and have booked revenue of Rs.5.00 crore for the period February to March, 2019. Acuité believes that the firm's ability to generate cash accruals over the medium term would be a key sensitivity factor.

- **Nascent stage of operations**

WSSL started its operations from February, 2019. It is in its initial stage of operations and is yet to demonstrate its performance. Acuité believes that the operations of the firm are at a very nascent stage and the firm's ability to optimally utilise its capacity to generate cash flows to meet their outstanding debt obligations would be key sensitivity factor.

##### Liquidity Position:

Acuité expects that the liquidity position of WSSL to be stretched for the first year of operations and expects maturing debt obligations to stand at Rs.0.36-0.50 crore during FY2018-19 to FY2020-21. Acuité believes that the promoters would support the company till operations stabilise. The liquidity of the company is likely to remain stretched over the medium term on account of nascent stage of operations and will rely on the ability of the promoters to fund the liquidity deficit in the initial stage of operations.

**Outlook: Stable**

Acuité believes that WSSL will maintain 'Stable' business risk profile over the medium term on account of the management's experience in the steel industry. The outlook may be revised to 'Positive' in case of optimal utilisation of capacity leading to improvement in revenues and accruals. Conversely, the outlook may be revised to 'Negative' in case of any deterioration in the scale of operations.

**About the Rated Entity - Key Financials**

Not Applicable. The company started operations in February 2019.

**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>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios and Adjustments - <https://www.acuite.in/view-rating-criteria-20.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
Overdraft Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.50	ACUITE B / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	2.22	ACUITE B / Stable
Bank guarantee	Not Applicable	Not Applicable	Not Applicable	0.40	ACUITE A4

LC facility of Rs. 1.50 crore contains one-way interchangeability upto the extent of 60% to OCC.

**Contacts**

Analytical	Rating Desk
Aditya Gupta Head - Corporate and Infrastructure Sector Ratings Tel: 022-49294041 <a href="mailto:aditya.gupta@acuite.in">aditya.gupta@acuite.in</a>	Varsha Bist Manager - Rating Desk Tel: 022-67141160 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a>
Grishma Muni Analyst - Rating Operations Tel: 022-49294075 <a href="mailto:grishma.muni@acuiteratings.in">grishma.muni@acuiteratings.in</a>	

### **About Acuité Ratings & Research:**

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

**Disclaimer:** An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.acuite.in](http://www.acuite.in)) for the latest information on any instrument rated by Acuité.