



**Press Release**  
**DWARAKA ISPAT PRIVATE LIMITED**  
**March 13, 2025**  
**Rating Assigned**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	28.00	ACUITE BBB-   Stable   Assigned	-
Bank Loan Ratings	5.00	-	ACUITE A3+   Assigned
Total Outstanding Quantum (Rs. Cr)	33.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has assigned its long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) and short term rating of '**ACUITE A3+**' (read as **ACUITE A three plus**) on the Rs.33 Cr. bank facilities of Dwaraka Ispat Private Limited. The Outlook is '**Stable**'.

**Rationale for Rating**

The rating assigned reflects the established track record of operations and the extensive industry experience of the group's chief promotor in the same line of industry for more than three decades. The rating also factors in the improving scale of operations, moderate financial risk profile, and adequate liquidity profile of the group. However, the working capital operations are moderately intensive reflected by GCA days which stood at 107 days in FY24 against 95 days in FY23. Also, the inherent cyclical nature of the steel business and vulnerability in the margins due to fluctuations in the raw material prices of the company constrains the rating.

**About the Company**

Incorporated in year 2016, with main objective is to trade into TMT Bars & Cement in the western part of Hyderabad. This company is into wholesale trading of TMT Bars / Billets which it purchases from various secondary steel producers in Telangana and Chhattisgarh and trades Ultratech Cement through various retail outlets. Mr. Miryala Ravinder Reddy holds 83% stake and balance with his wife Mrs. M Navya Reddy.

**About the Group**

**Dwaraka Iron Industries Private Limited (DIPL)**

Incorporated in the year 2020, Dwaraka Iron Industries Private Limited (DIPL) was formed with the objective to manufacture TMT Bars under the brand name of Dwaraka TMT with the network of more than 300 retailers in Telangana, Maharashtra, Karnataka. The installed capacity of the TMT plant is 1,92,000 MT as on 31st March 2024. Mr. Miryala Ravinder Reddy holds 98.33% stake and balance with his wife Mrs. M Navya Reddy.

**Srinivasa Steel Traders (SST)**

It is a proprietorship concern established in 1995 having outlet in Bagh Lingam ally, Telangana does wholesale trading business of TMT bars to almost 300 retailers around the central Hyderabad and as well Surrounding Districts. Mr. Miryala Ravinder Reddy is the proprietor of the firm.

**Unsupported Rating**

Not applicable.

## **Analytical Approach**

### **Extent of Consolidation**

- Full Consolidation

### **Rationale for Consolidation or Parent / Group / Govt. Support**

Acuite has consolidated the business & financial risk profile of Dwaraka Iron Industries Private Limited, Dwaraka Ispat Private Limited and SrinivasaSteel Traders together referred as Dwaraka Group. The consolidation is in the view of common management, strong operational linkages between the entities and a similar line of business.

## **Key Rating Drivers**

### **Strengths**

#### **Experienced Management**

The group is entirely managed by Mr. Miryala Ravinder Reddy as managing director and Chief Promoter of Dwaraka Group having experience of more than three decades in same line of industry. Wherein the group is mainly into manufacturing and trading of TMT Bars under the brand name 'Dwaraka'. Acuite believes that the long operational track record of the group coupled with the extensive experience of the management will continue to benefit the group going forward, resulting in steady growth in the scale of operations.

#### **Improved scale of operations albeit declining profitability**

The revenue from the operations of the group has improved by 8.07%, thereby increasing the topline from Rs. 662.98 Cr. in FY 2023 to Rs. 716.46 Cr. in FY 2024. The group has sold more volume units in FY2024 as compared to previous year albeit decline in the average realisation price. The operating profit of the group declined from Rs. 18.30 Cr. in FY23 to Rs. 16.83 Cr. in FY24. The operating margin of the group stood at 2.35% in FY24 against 2.76% in FY23. The Net profit of the group declined from Rs. 9.69 Cr. in FY23 to Rs. 5.64 Cr. in FY 24. The decline is mainly due to high interest cost of utilised working capital limits for FY 24. Acuite believes that going forward, the group will be able to improve scale of operations & profitability in near to medium term on the account of better price realizations.

#### **Moderate Financial Risk Profile**

The group's financial risk profile is moderate as marked by net worth, gearing and debt protection metrics. The tangible net worth of the group improved & stood at Rs. 49.92 Cr. as on March 31, 2024, against Rs. 33.80 Cr. as on March 31, 2023. This was mainly due to accumulation of profits into reserves and infusion of funds by promoters in the form of equity share capital & share premium to the tune of Rs.10.48 Cr. The Gearing ratio of the group improved and stood at 2.03 times as on March 31, 2024, as against 2.69 times as on March 31, 2023. The gearing ratio is high, however entirely due to short term debt (CC) and unsecured loans infused by the promoters. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) improved and stood at 3.64 times as on March 31, 2024, as against 4.79 times as on March 31, 2023. The debt protection metrics of the group is marked by ISCR at 1.90 times and DSCR at 1.72 times as on March 31, 2024. The ROCE of the group is 11.69% in FY 24. Acuite believes that going forward the financial risk profile of the group will remain at same level backed by steady accruals and absence of debt funded capex in near term.

### **Weaknesses**

#### **Moderately intensive working capital operations**

The working capital operations of the group is moderate marked by Gross Current Assets (GCA) of 107 days for FY23-24 against 95 days for FY22-23. The inventory holding and debtor days stood at 21 & 82 days respectively. Despite having high debtor days, the group is repaying to creditors within 29 days indicates managing working capital cycle efficiently. Acuite believes the working capital operations of the group will remain at same level in near to medium term due to nature of operations.

#### **Susceptibility to volatility in raw material prices and cyclicalities inherent in the steel industry**

The group's performance remains vulnerable to cyclicalities in the steel sector given the close linkage between the demand for steel products and the domestic and global economies. The end-user segments such as real estate, civil construction, and engineering also display cyclicalities. The steel industry is sensitive to the shifting business cycles, including changes in the general economy and seasonal changes in the demand and supply conditions in the market. The prices and supply of the main raw material, sponge iron, directly impact the realisation of finished goods. Any significant reduction in demand and prices adversely impacting the operating margins and cash accruals of the group will remain a key monitorable.

### **Rating Sensitivities**

- Movement in scale of operations and profitability margins
- Elongation of working capital cycle

### **Liquidity Position**

#### **Adequate**

The liquidity profile of the group is adequate marked by generating net cash accruals of Rs. 6.39 Cr. in FY 23-24 against the no debt repayment obligation for the same year. The group has a cash & bank balance of Rs. 0.87 Cr. as on 31st March 2024. The current ratio of the group is 1.31 times for FY 23-24. The average fund-based limit for

last 12 months ending December 2024 of the group is 93.35%. The liquidity of the group is expected to improve owing to steady cash accruals indicating availability of funds in near to medium term without any debt funded capex.

**Outlook: Stable**

**Other Factors affecting Rating**

None.

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	716.46	662.98
PAT	Rs. Cr.	5.64	9.69
PAT Margin	(%)	0.79	1.46
Total Debt/Tangible Net Worth	Times	2.03	2.69
PBDIT/Interest	Times	1.90	3.90

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

None

**Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)**

**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>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.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. Acuite'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](http://www.acuite.in).

## Rating History :

Not applicable.

**Annexure - Details of instruments rated**

<b>Lender's Name</b>	<b>ISIN</b>	<b>Facilities</b>	<b>Date Of Issuance</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Quantum (Rs. Cr.)</b>	<b>Complexity Level</b>	<b>Rating</b>
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	18.00	Simple	ACUITE BBB-   Stable   Assigned
Yes Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE BBB-   Stable   Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A3+   Assigned

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

<b>S.No.</b>	<b>Company name</b>
1.	Dwaraka Iron Industries Private Limited
2.	Dwaraka Ispat Private Limited
3.	Srinivasa Steel Traders

## Contacts

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### About Acuité Ratings & Research

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