

## Press Release

### Frontier Alloy Steels Limited (FASL)

28 November, 2017



### Rating Update

|                                       |  |
|---------------------------------------|--|
| <b>Total Bank Facilities Rated*</b>   | Rs.32.10 Cr                            |
| <b>Long Term Rating (Indicative)</b>  | SMERA BBB+<br>Issuer not co-operating* |
| <b>Short Term Rating (Indicative)</b> | SMERA A2<br>Issuer not co-operating*   |

#Refer Annexure for details

\*The issuer did not co-operate; Based on best available information.

SMERA has reviewed the long term rating of '**SMERA BBB+** (read as SMERA triple B plus) and short term rating of **SMERA A2** (read as SMERA A two) on the Rs.32.10 crore bank facilities of Frontier Alloys Steels Limited. This rating is now an indicative rating and is based on best available information.

**Non-cooperation by the issuer/borrower:** SMERA has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before due date.

This rating is therefore being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and SMERA's policies.

#### Applicable Criteria

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

**Limitation regarding information availability:** The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). SMERA endeavoured to gather information about the entity / industry from the public domain. Therefore, SMERA cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

**About the Rated Entity:** Frontier Alloys Steels Limited (FASL) incorporated in 1986, is a Kanpur-based company engaged in the manufacturing of alloy castings, high capacity springs, fabricated bogies to name a few for the Indian Railways (IR). The company has two manufacturing units with a total capacity of 18,000 tonnes per annum (tpa) at Kanpur (Uttar Pradesh) and Paonta Sahib (Himalchal Pradesh) for castings, rubber components and fabrication. Additionally, the company has also begun exporting castings to USA.

For FY2016–17, FASL reported profit after tax (PAT) of Rs.10.89 crore on operating income of Rs.135.48 crore, compared with PAT of Rs.8.07 crore on operating income of Rs.124.84 crore in the previous year. FASL's net worth stood at Rs.65.17 crore as on 31 March, 2017, as against Rs.52.86 crore a year earlier.

### Rating History for the last three years:

| Date         | Name of Instrument / Facilities | Term       | Amount (Rs. Crore) | Ratings/Outlook               |
|--------------|---------------------------------|------------|--------------------|-------------------------------|
| 31 Aug, 2016 | Cash Credit                     | Long Term  | 10.00              | SMERA BBB+/Stable (Upgraded)  |
|              | Standby Line of Credit          | Long Term  | 1.50               | SMERA BBB+/Stable (Upgraded)  |
|              | Term Loan                       | Long Term  | 2.23               | SMERA BBB+/Stable (Upgraded)  |
|              | Proposed bank facilities        | Long Term  | 0.37               | SMERA BBB+/Stable (Upgraded)  |
|              | Letter of Credit                | Short Term | 5.00               | SMERA A2 (Upgraded)           |
|              | Bank Guarantee                  | Short Term | 7.00               | SMERA A2 (Upgraded)           |
|              | Letter of Credit (Proposed)     | Short Term | 6.00               | SMERA A2 (Assigned)           |
|              | Fixed Deposits                  | Long Term  | 5.00               | SMERA FBBB/Stable (Withdrawn) |
| 10 Jun, 2015 | Cash Credit                     | Long Term  | 10.00              | SMERA BBB/Stable (Upgraded)   |
|              | Standby Line of Credit          | Short Term | 1.50               | SMERA A3+ (Upgraded)          |
|              | Term Loan                       | Long Term  | 7.32               | SMERA BBB/Stable (Upgraded)   |
|              | Letter of Credit                | Short Term | 5.00               | SMERA A3+ (Upgraded)          |
|              | Bank Guarantee                  | Short Term | 6.00               | SMERA A3+ (Upgraded)          |
|              | Proposed bank facilities        | Short Term | 2.28               | SMERA BBB/Stable (Upgraded)   |
|              | Cash Credit                     | Long Term  | 10.00              | SMERA BBB/Stable (Upgraded)   |
|              | Fixed Deposit                   | Long Term  | 5.00               | SMERA FBBB/Stable (Assigned)  |
| 1 Apr, 2014  | Cash Credit                     | Long Term  | 10.00              | SMERA BBB-/Stable (Assigned)  |
|              | Standby Line of Credit          | Short Term | 1.50               | SMERA A3 (Assigned)           |
|              | Term Loan                       | Long Term  | 9.60               | SMERA BBB-/Stable (Assigned)  |
|              | Letter of Credit                | Short Term | 5.00               | SMERA A3 (Assigned)           |
|              | Bank Guarantee                  | Short Term | 6.00               | SMERA A3 (Assigned)           |

**Annexure - Details of instruments rated:**

| Name of the Facilities      | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. Crore) | Ratings                                    |
|-----------------------------|------------------|-------------|---------------|-------------------------------|--|
| Cash Credit                 | NA               | NA          | NA            | 10.00                         | SMERA BBB+/Stable Issuer not co-operating* |
| Standby Line of Credit      | NA               | NA          | NA            | 1.50                          | SMERA BBB+/Stable Issuer not co-operating* |
| Term Loan                   | NA               | NA          | NA            | 2.23                          | SMERA BBB+/Stable Issuer not co-operating* |
| Proposed bank facilities    | NA               | NA          | NA            | 0.37                          | SMERA BBB+/Stable Issuer not co-operating* |
| Letter of Credit            | NA               | NA          | NA            | 5.00                          | SMERA A2 Issuer not co-operating*          |
| Bank Guarantee              | NA               | NA          | NA            | 6.00                          | SMERA A2 Issuer not co-operating*          |
| Letter of Credit (Proposed) | NA               | NA          | NA            | 7.00                          | SMERA A2 Issuer not co-operating*          |

\*The issuer did not co-operate; Based on best available information.

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## ABOUT SMERA

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