

Narayani Steels Limited

January 11, 2022

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	97.50	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Short Term Bank Facilities	125.00	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Bank Facilities	222.50 (Rs. Two Hundred Twenty-Two Crore and Fifty Lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE Ratings Ltd. had, vide its press release dated January 13, 2021, placed the rating(s) of Narayani Steels Limited under the 'issuer non-cooperating' category as Narayani Steels Limited had failed to provide information for monitoring of the rating. Narayani Steels Limited continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a email dated November 29, 2021 to December 19, 2021. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

At the time of last rating on January 13, 2021 the following were the rating strengths and weaknesses (updated for the information available from BSE)

Key rating weakness

Continuing overdues with respect to debt servicing

The lenders have confirmed that are continued overdraws and the account has turned NPA owing to liquidity issues.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Policy On Curing Period](#)

[Wholesale Trading](#)

[Criteria for Short Term Instruments](#)

About the Company

Narayani Steels Limited (NSL), which belongs to Narayani Group, is incorporated in the year 1996 by Mr. Kishanlal Choudhary, who is the chairman of the company and he is ably supported by his son Mr. Sunil Choudhary, who is the managing director and chief executive officer with an overall experience of 20 years. During FY17, Narayani Steels Limited got listed through SME platform of Bombay stock exchange in FY17. NSL is part of Narayani group; the group comprises of five companies namely Narayani Steels Limited (NSL), Narayani Ispat Limited (NIL), Hari Equipment Private Limited (HEPL), Kedarnath Commtrade Private Limited (KCPL) and Agrimony Tradex Vyaappar Private Limited (ATVPL). Narayani group is engaged in trading of blooms, billets, TMT bars, pellets, wire coils and manufacturing of TMT bars and other long products such as rounds, flats, angles, channels, etc. Further, the group has a wide network for the sales and distribution of the products across Andhra Pradesh, Telangana and other states in India.

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	H1FY22
Total operating income	362.35	78.25	NA
PBILDT	-22.77	-56.42	NA
PAT	-31.32	-51.97	NA
Overall gearing (times)	22.13	-4.95	NA
Interest coverage (times)	-0.99	-2.10	NA

A-Audited

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Status of non-cooperation with previous CRA: Brickworks Ratings has placed the rating for the bank facilities of NSL under 'Issuer Not Cooperating' vide PR dated January 13, 2021, due to absence of requisite information from the company.

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	60.00	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantees		-	-	-	25.00	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - ST-Letter of credit		-	-	-	100.00	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Working Capital Limits		-	-	-	37.50	CARE D; ISSUER NOT COOPERATING*

*Issuer did not cooperate; Based on best available information

Annexure-2: Rating History of last three years

Sr. No	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Fund-based - LT-Cash Credit	LT	60.00	CARE D; ISSUER NOT COOPERATING *	-	1)CARE D; ISSUER NOT COOPERATING * (13-Jan-21)	1)CARE D; ISSUER NOT COOPERATING * (15-Nov-19) 2)CARE C; Stable; ISSUER NOT COOPERATING * (17-Sep-19)	1)CARE BBB-; Stable (07-Jan-19) 2)CARE BBB-; Stable (27-Dec-18)
2	Non-fund-based - ST-Bank Guarantees	ST	25.00	CARE D; ISSUER NOT COOPERATING *	-	1)CARE D; ISSUER NOT COOPERATING * (13-Jan-21)	1)CARE D; ISSUER NOT COOPERATING * (15-Nov-19) 2)CARE A4; ISSUER NOT COOPERATING * (17-Sep-19)	1)CARE A3 (07-Jan-19) 2)CARE A3 (27-Dec-18)
3	Non-fund-based - ST-Letter of credit	ST	100.00	CARE D; ISSUER NOT COOPERATING *	-	1)CARE D; ISSUER NOT COOPERATING * (13-Jan-21)	1)CARE D; ISSUER NOT COOPERATING * (15-Nov-19) 2)CARE A4; ISSUER NOT COOPERATING * (17-Sep-19)	1)CARE A3 (07-Jan-19) 2)CARE A3 (27-Dec-18)

4	Fund-based - LT-Working Capital Limits	LT	37.50	CARE D; ISSUER NOT COOPERATING *	-	1)CARE D; ISSUER NOT COOPERATING * (13-Jan-21)	1)CARE D; ISSUER NOT COOPERATING * (15-Nov-19) 2)CARE C; Stable; ISSUER NOT COOPERATING * (17-Sep-19)	1)CARE BBB-; Stable (07-Jan- 19) 2)CARE BBB-; Stable (27-Dec- 18)
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* Long Term / Short Term

*Issuer did not cooperate; Based on best available information

Annexure 3: Complexity level of various instruments rated for this company

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Working Capital Limits	Simple
3	Non-fund-based - ST-Bank Guarantees	Simple
4	Non-fund-based - ST-Letter of credit	Simple

Annexure 4 Bank Lender Details for this Company-Not Applicable

Note on complexity levels of the rated instrument: CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About CARE Ratings Limited:

Established in 1993, CARE Ratings Ltd. is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India (SEBI), it has also been acknowledged as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). With an equitable position in the Indian capital market, CARE Ratings Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.

With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

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Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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