

## Narayani Steels Limited

January 13, 2021

### Ratings

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	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
<b>Total Bank Facilities</b>	<b>222.50 (Rs. Two Hundred Twenty-Two Crore and Fifty Lakhs Only)</b>		

*Details of instruments/facilities in Annexure-1*

#### Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Narayani Steels Limited (NSL) to monitor the ratings vide e-mail communications/letters dated June 02, 2020 among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on Narayani Steels Limited's bank facilities will now be denoted as **CARE D; ISSUER NOT COOPERATING\***.

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

The ratings take into account continuing overdues as confirmed by the lenders.

#### Detailed description of the key rating drivers

*At the time of last rating on November 15, 2019 the following were the rating strengths and weaknesses (updated for the information available from stock exchange filings):*

#### Key Rating Weaknesses

##### Continuing over due's with respect to debt servicing

The lenders have confirmed that are continued overdrawal's in account and the account has turned NPA owing to liquidity issues. For H1FY21, the company has reported cash loss of Rs. 15.19 crore.

#### Key Rating Strengths

##### Promoter's significant experience in Iron & Steel Industry

Narayani Steels Limited is the flagship company of Narayani Group, incorporated in the year 1996 by Mr. Kishanlal Choudhary, who currently serves as the chairman and non-executive director of the company, he has more than three decades of experience in the Iron & Steel industry. Mr. Sunil Kumar Choudhary is the managing director and the Chief Executive Officer of the company; he looks after the overall business operations of the company and has two decades of experience. Further, they are ably supported by Mr. Bivor Bagaria, a qualified chartered accountant who has an overall experience of over a decade and takes care of finance. Moreover, the management team comprises of professionals having significant experience in the related domain of business operations.

**Analytical approach:** Standalone

**Applicable Criteria:**

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

[CARE's Policy on Default Recognition](#)

[Criteria for Short Term Instruments](#)

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

[Financial ratios –Non-Financial Sector](#)  
[Rating Methodology-Wholesale Trading](#)  
[Liquidity Analysis of Non- financial Sector Entities](#)

### 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 Commotrade 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)	FY19 (A)	FY20 (A)
Total operating income	754.72	362.35
PBILDT	20.05	-22.77
PAT	2.19	-31.32
Overall gearing (times)	5.27	22.13
Interest coverage (times)	1.27	-0.99

A: Audited

**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, 2020, due to absence of requisite information from the company.

**Any other information:** Not Applicable

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

**Covenants of rated instrument / facility:** Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

### Annexure-1: Details of Instruments/Facilities

Name of the Instrument	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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Cash Credit	LT	60.00	CARE D; ISSUER NOT COOPERATING*	-	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)	1)CARE BBB-; Stable (05-Dec-17)
2.	Non-fund-based - ST-Bank Guarantees	ST	25.00	CARE D; ISSUER NOT COOPERATING*	-	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)	1)CARE A3 (05-Dec-17)
3.	Non-fund-based - ST-Letter of credit	ST	100.00	CARE D; ISSUER NOT COOPERATING*	-	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)	1)CARE A3 (05-Dec-17)
4.	Fund-based - LT-Working Capital Limits	LT	37.50	CARE D; ISSUER NOT COOPERATING*	-	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)	1)CARE BBB-; Stable (05-Dec-17)

\*Issuer did not cooperate; Based on best available information

## Annexure-3: Detailed explanation of covenants of the rated instrument / facilities – NA

**Annexure 4: Complexity level of various instruments rated for this company**

Sr. No.	Name of the 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

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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**About CARE Ratings:**

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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