

Arya Steels Rolling (India) Private Limited

February 28, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	21.00	CARE BB; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB+; Stable and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

Arya Steels Rolling (India) Private Limited (ASRPL) has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE Ratings Limited's (CARE Ratings') rating on Arya Steels Rolling (India) Private Limited (ASRPL)'s bank facilities will now be denoted as CARE BB; Stable; 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 rating.

The revision in rating assigned to the bank facilities of ASRPL takes into account non-submission of No default statement (NDS) by ASRPL for the past 2 months of December 2024 and January 2025.

Further, the rating continues to be constrained by ASRPL's moderate scale of operations, thin profitability and moderate working capital cycle. The rating is further constrained by the company's presence in a highly competitive and cyclical steel industry and susceptibility of profit margins to volatility in raw material prices.

The rating, however, derives comfort from experienced promoters and established relations with customers and suppliers. The rating further continues to derive strength from comfortable capital structure, moderate debt coverage indicators and adequate liquidity position.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CARE Ratings' expectation that the company shall sustain its financial risk profile over the medium term.

Detailed description of key rating drivers:

At the time of last rating on March 22, 2024, the following were the rating strengths and weaknesses [updated for information available from FY24 (refers to period April 01 to March 31) audited financials]:

Key weaknesses

Moderate scale of operations

In FY24, the total operating income (TOI) declined by ~16% to ₹361.53 crore (PY: ₹431.14 crore). Despite the long track record of operation, the scale of operation of ASRPL have remained moderate.

Thin profitability margins

The profit before interest, lease rentals, depreciation and taxation (PBILDT) margin have remained thin and reflected a fluctuating trend over FY20-FY24 in the range of 1-2% due to volatility in raw material prices and intense competition within the industry. To expand its market presence, ASRPL is compelled to offer higher incentives to customers, thereby exerting further pressure on its margins. Resultantly, the profit after tax (PAT) margin also remained below unity over the aforementioned period.

Moderate working capital cycle

ASRPL's operating cycle stood moderate at 39 days in FY24 (PY: 33 days). ASRPL usually maintains inventory of around 2 months. Most of the working capital is blocked in raw material / finished goods inventory as ASRPL has to maintain sufficient inventory to ensure uninterrupted production and timely execution of orders.

The company generally grants a credit period of ~25-30 days to its customers. The company largely procures raw material from suppliers locally with an average credit period of 8-10 days. Currently, the company meets its working capital requirements through a mix of internal accruals and working capital facilities from banks.

Susceptibility of margins to volatility in raw material prices

Raw material (MS billets) is the major cost driver (constituting ~90% of total cost of sales) and the prices of the same are volatile in nature. The raw materials are procured at prevailing market prices thereby exposing ASRPL to volatility in raw material prices. Around 65% of the raw material is procured from Nilanjan Iron Private Limited (group company) and remaining 35% from other local suppliers. Over the years of its operations, ASRPL has established healthy relationships with its suppliers.

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

Presence in a highly competitive and cyclical steel industry

TMT bars are used in various industries, with construction and infrastructure industry being the largest demand segment. Thus, demand for TMT bars is largely linked to the demand in the construction and infrastructure (mainly real estate) segment which closely follows the macroeconomic cycle and thus is cyclical in nature. Further, there are large number of small and unorganized players in this industry. Also, the industry is characterized by low entry barriers and low level of product differentiation due to minimal technological inputs and availability of standardized machinery for production. Thus, due to low value addition, presence in the lower segment of the value chain and fragmented nature of industry, the profitability of players engaged in manufacturing of TMT bars is inherently thin.

Key strengths

Experienced promoters

The promoters of ARSPL, Sumit Singla and Alok Bansal have an experience of more than a decade in the industry. Their experience and strong understanding of market dynamics has enabled ASRPL to maintain healthy relations with customers and suppliers and entail repeat orders from them. The top management is supported by a qualified team of professionals with significant experience in their respective fields.

Established customer and supplier base

With over 15 years of operations in the industry, ASRPL has developed long-standing and established relationship with its customers and suppliers. The products are sold under the brand name of 'Shirdi Sariya' through dealers/distributors in different states like Karnataka, Maharashtra and Kerala. ASRPL caters to a diversified customer base who are key suppliers in the real estate and construction sector.

Comfortable capital structure and moderate debt coverage indicators

As on March 31, 2024, the capital structure continued to remain comfortable with overall gearing of 0.53x (PY: 0.56x) owing to lower reliance on debt to fund its operations. Further, the debt coverage indicators continued to remain moderate in FY24 with total debt to gross cash accruals (TD/GCA) and interest coverage of 4.47x and 4.68x respectively (PY: 4.20x and 5.07x respectively).

Liquidity: Adequate

The liquidity position of the company continues to remain adequate as marked by GCA of ₹3.93 crore in FY24 as against repayment obligation of ₹1.09 crore in FY25. Cash flow from operations stood at ₹5.01 crore in FY24 (PY: ₹5.90 crore).

Applicable criteria

[Policy in respect of non-cooperation by issuers](#)

[Definition of Default](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Iron & Steel](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Metals & Mining	Ferrous Metals	Iron & Steel

ASRPL was incorporated in 2008 by Late Rajender Prasad Singla, founder of the Singla group. The company is engaged in the manufacturing of Thermo-Mechanical Treatment (TMT) bars which are sold under the brand name of 'Shirdi Sariya'. The manufacturing facility is located in Kolhapur, Maharashtra with an installed capacity of 1,08,000 MTPA.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	431.14	361.53
PBILDT	6.18	6.31
PAT	2.97	2.88
Overall gearing (times)	0.56	0.53
Interest coverage (times)	5.07	4.68

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA:

CRISIL, vide its press release dated February 20, 2025, reaffirmed the rating of ASRPL under issuer not cooperating category in absence of adequate information from the issuer.

Brickworks, vide its press release dated May 13, 2024, downgraded the rating of ASRPL under issuer not cooperating category in absence of adequate information from the issuer and absence of banker feedback.

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	18.00	CARE BB; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT-Bank Guarantee		-	-	-	3.00	CARE BB; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	18.00	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (22-Mar-24)	1)CARE BB+; Stable (24-Feb-23) 2)CARE BB+; Positive (07-Apr-22)	-
2	Non-fund-based - LT-Bank Guarantee	LT	3.00	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (22-Mar-24)	1)CARE BB+; Stable (24-Feb-23)	-

*Issuer did not cooperate; based on best available information.

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities – Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - LT-Bank Guarantee	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

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

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About us:

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