

**Aryavrata Steel Private Limited (Revised)**

April 01, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	23.75	CARE BB; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB+; Stable and moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	1.25	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*	Downgraded from CARE BB+; Stable / CARE A4+ 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**

CARE Ratings Ltd. has been seeking information from Aryavrata Steel Private Limited to monitor the rating(s) vide email communications dated February 18, 2025, February 24, 2025, March 03, 2025 and March 06, 2025 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 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. Further Aryavrata Steel Private Limited has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. The rating of Aryavrata Steel Private Limited's bank facilities will now be denoted as CARE BB; Stable; ISSUER NOT COOPERATING\*/CARE A4 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(s).**

The ratings have been revised on account of lack of clarity on future growth strategy and inability to monitor the performance of the company, which is critical for assessing the credit risk profile of the company. The rating remains constrained by small scale of operations albeit improvement in the last three fiscals, high inventory days leading to high working capital cycle, lack of backward and forward integration leading to thin margins, profitability susceptible to volatility in input prices and cyclicity associated with steel industry. However, the ratings derive strength from long track record and experienced promoters, satisfactory capacity utilization in the last three fiscal years and satisfactory capital structure amidst moderate debt protection metrics.

**Analytical approach:** Standalone

**Outlook:** Stable

Stable outlook reflects the ability of the company sustained its operating performance and profitability levels while continuing to benefit from the experience of its promoter

**Detailed description of key rating drivers:**

At the time of last rating on April 17, 2024, the following were the rating strengths and weaknesses

**Key weaknesses**

**Small scale of operation albeit improvement in the last three fiscals:** The scale of operation continued to remain small marked by TOI of around Rs.146.02 crores and net worth of around Rs.32.92 crores as on March 31, 2024. The small size deprives it from the benefits of economies of scale and restricts the financial flexibility of the company in times of stress. The total operating income (TOI) marginally increased to Rs.146.02 crore in FY24 from Rs.143.66 crore in FY23. Nonetheless, the operating margins continued to remain moderate and stood in the range of 3% to 4% in the last three fiscal years. The PBILDT and GCA stood at Rs.5.37 crore and Rs.2.69 crore in FY24, respectively.

**High inventory days leading to high working capital cycle:** The operating cycle of the company continued to remain elongated in the last three financial years marked by operating cycle of 112 days for FY24 as against 105 days for FY22. The company is required to maintain adequate inventory of raw material for smooth production process as well as maintain inventory

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

of finished goods to meet demand of its customers which resulted in average inventory period of 125 days for FY24 (124 days in FY23).

**Lack of backward and forward integration leading to thin margins:** A company with integrated or semi-integrated operations has a much better positioning, in terms of profitability, and a well diversified portfolio also mitigates concentration risk. ASPL produces its products from the iron-ore and coal purchased from open market, and with no melting division for producing billets. This exposes it to vagaries of price fluctuations, as it doesn't have much control over input prices. The company doesn't have captive power sources, exposing it to higher power costs procured from the grid.

**Profitability susceptible to volatility in input prices:** The major raw material [i.e., iron ore and coal] forms the largest component of total cost of sales of steel products. The basic raw materials such as iron ore, coal, pig iron, dolomite, manganese ore which are used for production of sponge iron are mainly sourced from the domestic market as the company has no backward integration and the prices of the same are volatile in nature. Hence the company's profitability is susceptible to fluctuation in raw material prices.

**Cyclicality associated with steel industry:** Steel is a cyclical industry, strongly correlated to economic cycles since its key users viz., construction, infrastructure, automobiles, and capital goods are heavily dependent on the state of the economy as any southward movement in the economic cycle adversely impacts demand from user industries. Besides local factors, the global demand supply situation especially China is major factor impacting the steel prices and volumes. The producers of steel products are essentially price-takers in the market, which directly expose their cash flows and profitability to volatility in the steel prices.

### Key strengths

**Long track record and experienced promoters:** Incorporated in 1994, ASPL is engaged in manufacturing of Sponge iron having installed capacity of 45,000 MT of Sponge iron located in Jhargram, West Bengal. The day-to-day affairs of the company are looked after by a team of experienced professionals under the leadership of Mr. Ashok Kumar Patwari.

**Satisfactory capacity utilization in the last three fiscal years:** The capacity utilization (CU) of the company remained high and stood at around 90% in the last three fiscal ending March 31, 2023, on account of better demand scenario from user industries. Furthermore, CU continued to remain high in during 8MFY24 and stood at 99% driven by better demand from user industries. Going forward it expected that CU of the plant will remain high driven by better demand attributable to healthy relationships with customers.

**Satisfactory capital structure amidst moderate debt protection metrics:** The capital structure of the company continued to remain satisfactory and improved in the current financial year marked by overall gearing of 0.77x as on March 31, 2024 (FY23:0.90x) and long term debt equity ratio of 0.04x as on FY24 (FY23:0.08x). Nonetheless, debt protection metrics though improved remained moderate mainly due to low GCA attributable to thin operating margins. TDGCA of the company stood at 9.45x as on March 31, 2024 (FY23: 11.57x).

### Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Iron & Steel](#)

### About the company and industry

#### Industry classification

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

Incorporated in 1994, ASPL is engaged in manufacturing of Sponge iron having installed capacity of 45,000 MT of Sponge iron located in Jhargram, West Bengal. The day-to-day affairs of the company are looked after by a team of experienced professionals under the leadership of Mr. Ashok Kumar Patwari.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	143.66	146.02
PBILDT	5.14	5.37
PAT	1.39	1.55
Overall gearing (times)	0.90	0.77
Interest coverage (times)	2.22	2.19

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

#### Status of non-cooperation with previous CRA:

As per PR dated September 04, 2024, Acuite Ratings continued the rating of ASPL under Issuer Not Cooperating category as the company did not provide the relevant information.

As per PR dated March 20, 2024, CRISIL Ratings continued the rating of ASPL under Issuer Not Cooperating category as the company did not provide the relevant information.

**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		-	-	-	21.50	CARE BB; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT/ST-BG/LC		-	-	-	1.25	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*
Term Loan-Long Term		-	-	September 2032	2.25	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	21.50	CARE BB; Stable; ISSUER NOT COOPERATING*	1)CARE BB+; Stable (17-Apr-24)	-	-	-

					2)CARE BB+; Stable (02-Apr-24)			
2	Non-fund-based - LT/ ST-BG/LC	LT/ST	1.25	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING *	1)CARE BB+; Stable / CARE A4+ (17-Apr-24) 2)CARE BB+; Stable / CARE A4+ (02-Apr-24)	-	-	-
3	Fund-based - LT-Term Loan	LT	-	-	1)Withdrawn (17-Apr-24) 2)CARE BB+; Stable (02-Apr-24)	-	-	-
4	Term Loan-Long Term	LT	2.25	CARE BB; Stable; ISSUER NOT COOPERATING *	1)CARE BB+; Stable (17-Apr-24)	-	-	-

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

LT: Long term; ST: Short term; LT/ST: Long term/Short 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/ ST-BG/LC	Simple
3	Term Loan-Long Term	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.

### Contact us

<b>Media Contact</b>  Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a>	<b>Analytical Contacts</b>  Arindam Saha Director <b>CARE Ratings Limited</b> Phone: + 91-033- 40181631 E-mail: <a href="mailto:arindam.saha@careedge.in">arindam.saha@careedge.in</a>
<b>Relationship Contact</b>  Ankur Sachdeva Senior Director <b>CARE Ratings Limited</b> Phone: 912267543444 E-mail: <a href="mailto:Ankur.sachdeva@careedge.in">Ankur.sachdeva@careedge.in</a>	Punit Singhania Associate Director <b>CARE Ratings Limited</b> Phone: : +91-033-4018-1620 E-mail: <a href="mailto:punit.singhania@careedge.in">punit.singhania@careedge.in</a>
	Souptik Pal Rating Analyst <b>CARE Ratings Limited</b> E-mail: <a href="mailto:Souptik.pal@careedge.in">Souptik.pal@careedge.in</a>

### About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

### Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For detailed Rationale Report and subscription information,  
please visit [www.careedge.in](http://www.careedge.in)**