



September 22, 2010

ICRA reaffirms the LBB- and A4 ratings for the bank facilities of International Mineral Trading Company Private Limited; assigns stable outlook

ICRA has reaffirmed the LBB- (pronounced L double B minus)[†] ratings assigned to the long-term proposed fund-based limit of Rs. 15.0 crore and sanctioned term loan limit of Rs. 115.0 crore of International Mineral Trading Company Private Limited (IMTCPL). ICRA has assigned Stable outlook to the long term ratings. ICRA has also reaffirmed the A4 (pronounced A four) rating assigned to the short term sanctioned non-fund based limit* of Rs. 50.0 crore of IMTCPL⁷.

The ratings are constrained by the limited track record of the Arya group in the business of iron-ore beneficiation; substantial execution risks in setting-up the upcoming iron-ore beneficiation plant and funding risks arising from the fact that a substantial portion of funds remains to be infused by the promoters by way of equity/unsecured loans. The ratings are further constrained by the funding risk involved in setting up of a pelletisation plant which would require additional funding through a mix of debt and equity; susceptibility of the business to adverse movement in commodity prices and low entry barrier of the industry since the processes involved in the manufacture of beneficiated iron-ore are of moderate complexity. Nevertheless; the ratings favourably factor in the restructuring of debt repayment which includes extension in the moratorium period by an year; proximity of the plant to raw material sources on account of its location at Barbil in Orissa and mitigated demand risks since the company's product is likely to be supplied to its group company namely 'Arya Iron & steel Company Private Limited' (AISCO) which is into production of iron-ore pellets.

Company Profile

International Mineral Trading Company Private Limited (IMTCPL) is a private limited company incorporated in March 2008 by Arya group. The company is in the process of setting up an iron-ore beneficiation plant of 1.5 million tonnes per annum (MTPA) capacity in Barbil, Orissa. IMTCPL is held by promoters of Arya group and the promoter owned HUFs (62%) and by the investment arm of the group 'Bajinath Maniram Holding & Finance Company Private Limited (38%).

Arya group commenced its business with the establishment of a trading unit in 1950. The main promoters of the group are two brothers; Mr. Pawan kumar Arya and Mr. Ravindrakumar Arya. Over a period, the group expanded into various related businesses which encompass ship-breaking, steel trading, ship-broking, pelletization and beneficiation of iron-ore. The partnership firms/companies of the group which are involved in the business of ship breaking and steel trading are Arya Ship Breaking Corporation {rated LBB(Stable)/A4 by ICRA}, Goyal Traders {rated LBB- (Stable)/A4 by ICRA} and Arya Ship Breaking Company Private Limited (ASBCPL) {rated LBB+(Stable)/A4+ by ICRA}. The other entity which is into the business of trading of steel items are M.P. Recycling Company Private Limited (MPR) {rated LBB-(Stable)/A4 by ICRA} and N.T. Recycling Company Private Limited (NTR) {rated LBB- (Stable)/A4 by ICRA}. Argo Systems FZE {rated LBB-(Stable)/A4 by ICRA} which is a wholly owned subsidiary of MPR is into the business of ship-broking. Besides, there are two group companies involved in processing of iron-ore namely Arya Iron & Steel Company Private Limited (AISCO) {rated LBBB-(Stable)/A3 by ICRA} which is operating a pelletisation plant in Barbil (Orissa) and IMTCPL. While assigning the ratings to IMTCPL, ICRA has taken into account the linkages between the various group entities and the consolidated debt levels of the group.

September 2010

⁷ For complete rating scale and definitions please refer to ICRA's Website www.icra.in or other ICRA Rating Publications

* As a sub-limit of term loan limit and interchangeable between long-term and short-term scale

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ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex".
The classification of instruments according to their complexity levels is available on the website www.icra.in

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