



September 22, 2010

ICRA assigns the LBB- and A4 ratings to the bank facilities of N.T. Recycling Company Private Limited; assigns stable outlook

ICRA has assigned the LBB- (pronounced L double B minus)[†] rating to long-term fund-based limit[#] of Rs. 10.0 crore of N.T. Recycling Company Private Limited (NTR). ICRA has assigned Stable outlook to the long term rating. ICRA has also assigned the A4 (pronounced A four) rating to short term non-fund based limit* of Rs. 40.0 crore of NTR .

The ratings are constrained by competitive nature of industry; susceptibility to adverse movements in commodity prices and exchange rates and high level of indebtedness and gearing of the company. Nevertheless; the ratings are supported by the Arya group's established track record in the business of steel trading; operational and financial support derived by NTR from promoters and promoter held companies which are into related/similar businesses; marginal improvement in the net-worth on account of infusion of Rs. 2.0 crore of non-redeemable preference share by a group company in FY10; significant growth in the company's revenue and improvement in the net profit margin (PAT/OI) in FY10.

Company Profile

N.T. Recycling Company Private Limited (NTR) was incorporated in 2003 by the promoters of Arya group and is engaged in trading of steel products. NTR is owned by promoter and promoter owned HUFs (50%) and two group companies namely Arya Ship-breaking Company Private Limited (25%) and M.P. Recycling Company Private Limited (25%).

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 other entity which is into the business of trading of steel items is M.P. Recycling Company Private Limited (MPR) {rated LBB-(Stable)/A4 by ICRA}. 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}; Arya Ship Breaking Company Private Limited {rated LBB+(Stable)/A4+ by ICRA} and Goyal Traders {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 'International Mineral Trading Company Private Limited' {rated LBB-(Stable)/A4 by ICRA} which is in the process of setting up a iron-ore beneficiation plant in Barbil (Orissa) and Arya Iron & Steel Company Private Limited {rated LBBB- (Stable)/A3 by ICRA} which is operating a pelletisation plant in Barbil (Orissa). While assigning the ratings to NTR, ICRA has taken into account the linkages between the various group entities and the consolidated debt levels of the group.

Recent Results

As per the provisional figures of the financial year ended March 2010, the company reported Profit After Tax (PAT) of Rs. 2.55 crore on an OI of Rs. 91.22 crore.

⁶ For complete rating scale and definitions please refer to ICRA's Website www.icra.in or other ICRA Rating Publications

*Interchangeable between long-term and short-term scale

As a sub-limit of non-fund based limit

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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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