

October 16, 2017

KRN Alloys Private Limited

Summary of rated instruments

Instrument [^]	Rated Amount (Rs. crore)	Rating Action
LT-Fund-based Limits	8.30	[ICRA]B-(Stable); ISSUER NOT COOPERATING*; Rating moved to the 'Issuer not Cooperating' category
LT-Unallocated	2.76	[ICRA]B- (Stable); ISSUER NOT COOPERATING*; Rating moved to the 'Issuer not Cooperating' category
Total	11.06	

*Issuer did not cooperate; based on best available information

[^]Instrument details are provided in Annexure-1

Rating action

ICRA has moved the ratings for the Rs. 11.06 crore bank facilities of KRN Alloys Private Limited to the 'Issuer Not Cooperating' category. The rating is now denoted as: "[ICRA]B-(Stable); ISSUER NOT COOPERATING"

Rationale

The rating is based on limited or no updated information on the entity's performance since the time it was last rated in March, 2016. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating does not adequately reflect the credit risk profile of the entity. The entity's credit profile may have changed since the time it was last reviewed by ICRA; however, in the absence of requisite information, ICRA is unable to take a definitive rating action.

As part of its process and in accordance with its rating agreement with KRNAPL, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information, and in line with SEBI's Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, ICRA's Rating Committee has taken a rating view based on the best available information.

Credit Strengths

- Scale-up of operations backed by the new production unit for billets at Beawar
- Diversified client mix spread across various states

Credit Challenges

- Erosion of net worth, very weak coverage indicators on account of continuing net losses of the company
- High competitive intensity owing to low entry barriers and fragmented nature of the industry

Analytical approach: For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

Links to applicable criteria:

[Corporate Credit Rating Methodology](#)

[Policy in respect of non-cooperation by the rated entity](#)

About the firm:

KRN Alloys Private Limited (KRN), incorporated in 2008, is a manufacturer of steel billets and ingots, which are supplied to rolling mills and steel traders in Rajasthan and Gujarat. The company has two manufacturing units in Metoda, district Rajkot, Gujarat (Unit-I) and Beawar, Rajasthan (Unit-II). The combined capacity of the two units is about 34,000 metric tons (MT) per year. While Unit-I commenced production in February 2009 and has a capacity of ~10,000 MT per year, Unit-II commenced production in June 2012 and has a capacity of ~24,000 MT per year.

Key Financial Indicators

	FY2015	FY2016
	Audited	Audited
Operating Income (Rs. crore)	74.02	NA
PAT (Rs. crore)	-0.97	NA
OPBDIT/ OI (%)	2.14%	NA
RoCE (%)	-1.31%	NA
Total Debt/ TNW (times)	14.01	NA
Total Debt/ OPBDIT (times)	8.84	NA
Interest coverage (times)	0.92	NA
NWC/ OI (%)	1%	NA

OI: Operating Income; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; ROCE: PBIT/Avg (Total Debt + Tangible Net-Worth + Deferred Tax Liability - Capital Work - in Progress);

NWC: Net Working Capital

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years:
Table:

S.No	Name of Instrument	Current Rating (FY 2018)			Chronology of Rating History for the past 3 years	
		Type (long term/ Short term)	Rated amount (Rs. crore)	Month-year & Rating	Month- year & Rating in FY2017	Month- year & Rating in FY2015
				October 2017	April 2016	April 2014
1	Cash Credit	LT	3.0	[ICRA]B- (Stable); ISSUER NOT COOPERATING*;	[ICRA]B-	[ICRA]B-
2	Term Loan	LT	5.30	[ICRA]B- (Stable); ISSUER NOT COOPERATING*;	[ICRA]B-	[ICRA]B-
3	Unallocated	LT	2.76	[ICRA]B- (Stable); ISSUER NOT COOPERATING*;	[ICRA]B-	[ICRA]B-

*Issuer did not cooperate; based on best available information

Complexity level of the rated instrument:

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

Annexure-1
Instrument Details

Name of the instrument	Date of issuance ^	Coupon rate ^	Maturity Date ^	Size of the issue	Current Rating and Outlook
Cash Credit	NA	NA	NA	3.0	[ICRA]B- (Stable); ISSUER NOT COOPERATING*
Term Loan	NA	NA	Maarch, 2018	5.30	[ICRA]B- (Stable); ISSUER NOT COOPERATING*
Unallocated	NA	NA	NA	2.76	[ICRA]B- (Stable); ISSUER NOT COOPERATING*

Source: KRNAPL

*Issuer did not cooperate; based on best available information

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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