



S D Bansal Iron & Steel Pvt. Ltd.

Instrument	Amount	Rating action
	In Crore	As on September 2013
Fund Based Limits- Term Loan	1.50	Downgraded to [ICRA]C
Fund Based Limits- Unallocated	12.00	Downgraded to [ICRA]C
Fund Based Limits- Cash Credit	12.00	Downgraded to [ICRA]C

ICRA has revised the long-term rating assigned to the Rs. 1.50 crores* term loan, Rs. 12.00 unallocated limits and Rs. 12.00 crores cash credit of S D Bansal Iron & Steel Pvt. Ltd (SDBIS) to **[ICRA]C** (pronounced as ICRA C) from **[ICRA]B+** (pronounced as ICRA B plus).

The rating downgrade factors in low profitability and cash accruals in the news division of the company which has lead to delays in servicing of debt taken for that unit. The rating continues to factor in high competitive pressures from numerous organized and unorganized players in the industry which has resulted in a decline in SDBIS's operating margins in FY13. Moreover, company remains exposed to the adverse movements in raw material prices given the inherent cyclical nature of the steel industry in which it operates. The rating also factors in company's high reliance on external debt which has resulted in high gearing and high working capital intensity as evidenced by high limits utilization in the past. This coupled with modest profitability has resulted into modest debt protection metrics of the company (NCA/TD of 8% and Interest coverage ratio of 2.47 in FY13). Nevertheless, ratings derive some comfort from the partial backward integration of SDBIS (induction furnace to manufacture MS Ingots) and the experienced management of the company.

Company Profile

S.D. Bansal Iron & Steel Pvt. Ltd (SDBIS), a closely held company, commenced its operations in financial year 2008-09 with the establishment of 80,000 MT per annum capacity Rolling mill for manufacturing Mild Steel bars. The group is promoted by Mr Anil Bansal (Engineering Graduate, 20 years of experience in construction) and Mr. Sunil Bansal (15 years exp in construction, manufacturing, marketing and finance). In April 2011, the group backward integrated into manufacturing of MS (Mild Steel) ingots by setting up a 30,000 MTPA furnace. The company's products namely MS bars find major applications in infrastructure sector and the construction industry. The company belongs to Bansal Group of Bhopal, which has diversified business operations across sectors like education, construction, steel, media and solvent extraction.

In FY13, the company reported PAT of Rs. 1.73 crores on operating income of Rs. 126.19 crores as against PAT of Rs. 1.61 crores on Operating income of Rs. 105.35 crores in FY12.

September 2013

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* 100 lakh=1 crore= 10 million



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