



## Press Release

### ARS Steels and Alloy International Private Limited

July 29, 2025

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities	29.00	IVR BBB/Stable [IVR Triple B with stable outlook]	IVR BBB/Stable [IVR Triple B with stable outlook]	Rating reaffirmed	<a href="#">Simple</a>
Short Term Bank Facilities	53.00	IVR A3+ [IVR A Three Plus]	IVR A3+ [IVR A Three Plus]	Rating reaffirmed	<a href="#">Simple</a>
<b>Total</b>	<b>82.00</b>	<b>[Rupees Eighty-two crore only]</b>			

**Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**

#### Detailed Rationale

Infomerics Ratings has reaffirmed its rating assigned to the bank facilities for the long-term facilities to IVR BBB with stable outlook and IVR A3+ for the short-term facilities of ARS Steels and Alloy International Private Limited.

The rating reaffirmation is on account of extensive experience of the promoters and established track record of operations coupled with integrated steel unit. The ratings continue to draw comfort from increase in scale of operations along with profitability and comfortable credit risk profile. However, these rating strengths are partially offset by geographical concentration risk, high exposure in group company and volatile in raw material prices and low profitability along with inherent cyclicity of the steel sector.

The 'Stable' outlook reflects expected increase in scale of operations along with profitability. Infomerics believes the company will continue to benefit from its operational track record in the business resulting in increased scale of operations.

Infomerics Ratings has principally relied on the standalone provisional financial results of the company up to 31 March 2025 (refers to period April 1st, 2024, to March 31st, 2025) and projected financials for FY2026 (refers to period April 1st, 2025, to March 31st, 2026) - FY2028 (refers to period April 1st, 2027, to March 31st, 2028), and publicly available information/clarifications provided by the company's management.



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### Key Rating Sensitivities:

#### Upward Factors

- Significant growth in the scale of business with improvement in profitability metrics thereby leading to improvement in cash accruals and debt protection metrics on a sustained basis.
- Sustained improvement in debt protection metrics; specific metrics being total debt to GCA below 2x on sustained basis

#### Downward Factors

- Dip in operating income and/or profitability impacting the debt coverage indicators on a sustained basis.
- Any significant rise in working capital intensity, unplanned capex or further exposure towards group companies leading to a deterioration in the financial risk profile.

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Extensive experience of the promoters and established track record of operations**

ARS Steels is promoted by Mr. Ashwani Kumar Bhatia, Mr. Rajesh Bhatia, Mr. Prem Dutt Bhatia and Mr. Chinta Venkata Satya Narayana Murthy. The Promoters have overall experience of more than 3 decades in the steel industry. Further, the Company has an operational track record of more than three decades. The longstanding presence of the promoters in the industry has resulted in the company being able to establish strong relationships with customers and suppliers, diversify the product profile, and expand capacity.

- **Increase in scale of operations along with profitability**

The total operating income of ARS steels grew at (CAGR) of 10.11% during the past three years and ended as on March 31, 2025(P), further on a year-on-year basis the total operating income improved significantly by 30.30% and stood at Rs. 939.87 crore in FY25 (Provisional) compared to Rs. 721.30 crore in FY24(A), this growth is



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attributed to an increase in sales volume of TMT bars in FY25. Gross Cash Accrual of the company improved from Rs. 16.31 crore in FY24 to Rs. 21.67 crore in FY25(P) on account of improved profitability. The profitability margins of a company like EBITDA margin improved by 32 bps and stood at 3.67% in FY25 prov. From 3.35% in FY24 on account of ramp up in scale of operations along with decline in power and fuel cost during the year. The PAT margin of the company continuous to be in the same range at 1.71% in FY25(P) improved by 3 bps from 1.68% in FY24.

- **Comfortable financial risk profile**

The capital structure of the company stood comfortable marked by the overall gearing ratio at 0.43x as on March 31, 2025(P), compared to 0.39x as on March 31, 2024, on account of higher utilization of working capital bank borrowings as on balance sheet date and infusion of unsecured loan during the year. The total indebtedness of the company as reflected by TOL/TNW also stood comfortable at 0.81x as on March 31, 2025(P), although deteriorated from 0.76x as on March 31, 2024, on account of higher increase in total debt compared to increase in TNW. The debt protection metrics stood comfortable marked by an Interest Coverage Ratio of 3.94 times in FY25(P) compared to 4.56x in FY24 on account of increase in interest and finance cost during FY25. Total Debt to GCA stood at 3.56 years as on March 31, 2025(P), improved marginally from 3.81 years as on March 31, 2024, on account of improved GCA. The DSCR stood comfortable at 3.48x in FY25 (P) although it deteriorated from 4.08x in FY24.

### Key Rating Weaknesses

- **Geographical concentration risk**

ARS Steels mainly caters to the state of Tamil Nadu which contributed more than 89% of the total operating income in FY25 (Prov.). Hence, the company is exposed to geographical concentration risk. However, the company has begun efforts to strengthen its brand presence and grow its sales in other states.

- **High exposure in Group Company**



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ARS Steels has an investment of Rs. 33.62 crore till March 31, 2025, in ARS Energy Private Limited which has been under NCLT. The investment in group entity remains a concern, however, the company has passed a board resolution in FY25 for not investing any further amount to ARS Energy Private Limited out of their internal accruals.

- **Volatile in raw material prices and low profitability along with inherent cyclicalities of the steel sector**

The inherent cyclicalities in the steel industry exposes steelmakers to a high degree of earnings volatility, which in turn leads to swings in debt protection metrics. However, ARS's backward integration in raw materials, competitive conversion costs, and an enriched product mix partly mitigate earnings volatility for the India steel business.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

**Liquidity – Adequate**

The liquidity position of the company stood adequate with gross cash accruals of Rs. 21.67 crore as on March 31, 2025. The company has a current ratio of 1.10x as of March 31, 2025. The unencumbered cash and bank balance of the company stood at Rs. 0.77 crores as on March 31, 2025. The average utilization of fund-based limits stands at 59.63% for 12 months ending May 2025, indicating sufficient cushion to meet the working capital requirement. The operating cycle of the company stood at 30 days in FY25.

**About the Company**



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ARS Steels and Alloy International Private Limited (ARS Steels) is a Chennai based company which began its operations in Sep. 1990 with the name of ARS Metals Private Limited. Later, after the inception of energy division in 2013, the company demerged the steel and 5 power division into two different companies i.e. ARS Steels & Alloy International Private Limited and ARS Energy Private Limited. The company is promoted by its current managing director Mr. Ashwani Kumar Bhatia. ARS Steel is an integrated steel company having its plant at Gummidipoondi, Tiruvallur district, Tamil Nadu. Company manufactures mild steel billets and TMT Rebars using super quality scrap as raw material. The company mainly sells its products to the housing segment of the construction industry through its dealer network under the brand ARS 550D.

### Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2024	31-03-2025
	<b>Audited</b>	<b>Provisional</b>
Total Operating Income	721.30	939.87
EBITDA	24.15	34.47
PAT	12.17	16.11
Total Debt	62.16	77.22
Adj. Tangible Net Worth	159.29	180.80
EBITDA Margin (%)	3.35	3.67
PAT Margin (%)	1.68	1.71
Overall Gearing Ratio (x)	0.39	0.43
Interest Coverage (x)	4.56	3.94

\* Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA:** None

**Any other information:** Not applicable

**Rating History for last three years:**



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Sr. No.	Name of Security/Facilities	Current Ratings (Year 2025-2026)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					May 07, 2024		March 22, 2023
1.	Fund Based Limits	Long Term	29.00	IVR BBB/ Stable	IVR BBB/ Stable	-	IVR BBB/ Stable
2.	Non-Fund Based Limits	Short Term	53.00	IVR A3+	IVR A3+	-	IVR A3+

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### About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.





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Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Facility – Cash Credit	-	-	-	-	29.00	IVR BBB/Stable
Short Term Facility – Letter of Credit	-	-	-	-	53.00	IVR A3+

### Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-ARS-Steels-Alloy-29july25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable**

**Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).