

## Rating Rationale

### Brickwork Ratings upgrades the long term rating from BWR BB- to 'BWR BB' & reaffirms the short term rating of 'BWR A4' to Agarwal Mittal Concast Private Limited's Bank Loan Facilities aggregating ₹60.53 Cr

Brickwork Ratings upgrades the long term **Rating<sup>1</sup>** from BWR BB- to 'BWR BB' & reaffirms the short term rating to Agarwal Mittal Concast Private Limited's (AMCPL or "the Company) bank loan facilities aggregating ₹60.53 Cr.

Facility	Previous Limits (₹In Cr)	Current Limits (₹In Cr)	Tenure	Previous Rating	Revised Rating
<b>Fund Based</b>					
CC	35.00	<b>40.00</b>	<b>Long Term</b>	BWR BB- (Pronounced BWR Double B Minus) Outlook-Stable	<b>BWR BB (Pronounced BWR Double B) Outlook-Stable</b>
Proposed CC	15.00	-			
Term Loan	3.63	<b>13.03</b>			
<b>Non Fund Based</b>					
LC	10.00	<b>5.00</b>	<b>Short Term</b>	BWR A4 (Pronounced BWR A Four)	<b>BWR A4 (Pronounced BWR A Four)</b>
BG	2.00	<b>2.00</b>			
Proposed BG		<b>0.50</b>			
<b>Total</b>	65.63	<b>60.53 (INR Sixty Crore and Fifty Three Lacs only)</b>			

BWR has principally relied upon the audited financial results of AMCPL up to FY 15, provisional financials up to FY 16 and further projected financials and clarification provided by the management.

The assigned rating reflects the performance of the firm in FY 16 vis-à-vis FY 15. The rating derive comfort from the long track record of promoter, established relation with diversified client base, improved capital structure, its long presence in steel industry. However the rating remains constrained by AMCPL's working capital intensive nature of business, average customer concentration risk and fragmented nature of industry.

### Company Background and Operations

The Company was incorporated in May 2008. It has been promoted by Mr. Suresh B. Agarwal. The company took over the assets of a bankrupt company, Jalan Forgings Limited in Halol, Baroda. The company has refurbished the manufacturing facility and installed an electric furnace, AOD converter and continuous casting machines to manufacture mild steel billets stainless steel billets and ferro alloys.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

## Financial Performance

During the FY16, the Company's has improved its total operating income by ~31% from ₹ 226.28 Cr in FY15 to ₹ 297.16 Cr. The operating profit margin stood at 3.24% in FY16 and net profit margin was at 0.72% in FY16.

## Outlook

The outlook is stable. Going forward, improvement in capital structure, ability to sustain in an intense competition, profitability, and effective management of working capital, retaining and expanding its clients would be the key rating sensitivities.

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