

## Rating Rationale

**Brickwork Ratings assigns ‘BWR BB-’ & ‘BWR A4’ for the Bank Loan Facilities aggregating to ₹ 46.60 Cr of Amba Shakti Ipsat Ltd.**

Brickwork Ratings has assigned following **Ratings<sup>1</sup>** for the Bank Loan Facilities of Amba Shakti Ipsat Ltd (ASIL).-

Facility	Present Limits(₹ Cr)	Tenure	Ratings
<b>Fund Based</b>			
Cash Credit	<b>30.00</b>	<b>Long Term</b>	<b>BWR BB-</b> (Pronounced BWR Double B Minus)  <b>Outlook: Stable</b>
<b>Non-Fund Based</b>			
Guarantee	<b>2.10</b>	<b>Short Term</b>	<b>BWR A4</b> (Pronounced BWR A Four)
Inland Foreign LC/Letter of comfort/Buyers Credit	<b>12.00</b>		
Forward	<b>2.50</b>		
<b>Total</b>	<b>46.60</b>	<b>INR Forty Six Crores &amp; Sixty Lakhs only</b>	

BWR has essentially relied upon audited financial results of AmbaShakti Ispat Ltd. up to FY15 and projected financial for FY16, publicly available information and information provided by the management.

The rating has, inter alia, factored in the management experience in its line of activity, an established track record, moderate net-worth, a diversified supplier and client base, and brand equity. The rating is, however, constrained by a stretched liquidity position, relatively low profitability, and competition from other well established players. The rating takes into account the fact that excise exemptions being availed by the company in the past will no longer be available.

### Background:

ASIL, an ISO 9001: 2000, 14001 & OHSAS 18001 certified company, is established at Kala Amb, Himachal Pradesh, with its registered office at Delhi. It commenced commercial operations in July 2004, with an installed capacity of the unit is 96000 M.T.P.A. for the manufacture of MS/TMT Bars. The TMT bars manufactured by the company have also been accredited with ‘Tempcore’ certification by CRM Belgium.

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

The company use the latest CONCAST technology for the casting of billets. The company markets its products in the states of Haryana, Punjab, Chandigarh, J&K, Himachal Pradesh & some parts of Uttarakhand in Northern India.

### Financial Performance:

ASIL's gross revenue from operations improved from ₹223.81 Cr in FY14 to ₹229.41 Cr in FY15, but net revenue from the operations declined from ₹226.40 in FY14 to ₹213.66 in FY15 as the period of excise exemption available under excise holiday scheme expired in 2014. During FY15, company reported operating loss of ₹9.94 Cr. However, PAT for FY15 stood at ₹0.02 Cr on account of non-operating income of ₹10.17 Cr from commodity trading as against PAT of ₹0.56 Cr in FY14. The company's net-worth stood at ₹33.41 Cr and Debt-to-Equity ratio was around 1.14 times as on March 31, 2015. During 6M FY16, the company has achieved sales of ₹91.00Cr.

### Rating Outlook:

AMBA Shakti Ispat Ltd.'s performance over the next year is expected to be stable. Going forward, the company's ability to scale up its operations, improve profit margins, ensure timely infusion of equity, improve their capital structure will be the key rating sensitivities.

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