



## Rating Rationale

### Amba Shakti Steels Ltd.

9<sup>th</sup> March 2017

**Brickwork Ratings reaffirms ratings for the Bank Loan Facilities of Amba Shakti Steels Ltd.**

### Particulars

Facility Rated	Amount (Rs. Crs.)		Tenure	Rating*	
	Previous	Present		Previous Rating (Nov 2015)	Rating
<b>Fund Based</b>					
Cash Credit	35.00	35.00	Long Term	BWR BB Pronounced BWR Double B (Outlook: Stable)	BWR BB Pronounced BWR Double B (Outlook: Stable) [Reaffirmation]
Term Loan	14.11	12.00			
<b>Non Fund Based</b>					
Bank Guarantee	2.00	2.00	Short Term	BWR A4+ Pronounced BWR A Four Plus	BWR A4+ Pronounced BWR A Four Plus [Reaffirmation]
LD	15.00	15.00			
<b>Total</b>	<b>66.11</b>	<b>64.00</b>	<b>Rupees Sixty Four Crores Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

### Rating Reaffirmation

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon audited financial results of Amba Shakti Steels Ltd. upto FY16, Projected financials for FY17, publicly available information and information provided by the management.



The rating has, inter alia, factored in experienced management, moderate tangible net worth and established brand name. The rating is, however, constrained by difficult industry scenario, susceptibility to volatility in raw material prices and low profitability margins.

Going forward scaling up of business, meeting projections, improving profitability and ensuring timely servicing of debt would be the key rating sensitivities.

### About the Company

Amba Shakti Steels Limited is a Limited Company established at 7th K M Meerut Road, Muzaffar Nagar, UP. The Company is engaged in the manufacturing of M.S./T.M.T. Bars.

The unit has started its commercial production in the year 1989. The present installed capacity is 98000 MTPA.

Mr. Surender Kumar Goel is the Managing Director of the company and has professional experience of five decades in the steel industry.

### Company's Financial Performance

ASSL's reported operating income of Rs. 185.89 Crs. with a net profit of Rs. 0.65 Crs. in FY16 against an operating income of Rs. 237.35 Crs. with a net profit of Rs. 0.45 Crs. in FY15.

### Rating History for the last three years (including withdrawn/suspended ratings)

Facility	Tenure	Amount (Rs. Crs)	Rating	2016	Nov 2015	2014
Cash Credit	Long Term	35.00	BWR BB (Outlook Stable) [Reaffirmation]	-	BWR BB (BWR Double B) (Outlook Stable)	NA
Term loan		12.00				
Bank Guarantee	Short Term	2.00	BWR A4+ [Reaffirmation]	-	BWR A4+ (BWR A Four Plus)	NA
LC		15.00				

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)



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#### Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

#### About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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