

## Rating Rationale

### Brickwork Ratings assigns 'BWR B+' & 'BWR A4' for the Bank Loan Facilities of ₹ 105.00 Cr of Amba Shakti Udyog Ltd, New Delhi.

Brickwork Ratings (BWR) has assigned following **Ratings**<sup>1</sup> for Bank Loan Facilities of Amba Shakti Udyog Ltd ('ASUL' or the 'Company') New Delhi:

Facility*	Limits ( ₹ Cr)	Tenure	Rating
<b>Fund Based</b> Term Loans	<b>50.00</b>	<b>Long Term</b>	<b>BWR B +</b> <i>(Pronounced BWR B Plus)</i>  <b>(Outlook: Stable)</b>
Cash Credit	<b>30.00</b>		
<b>Non Fund Based</b> Bank Guarantee	<b>5.00</b>	<b>Short Term</b>	<b>BWR A4</b> <i>(Pronounced BWR A Four)</i>
ILC/FLC	<b>20.00</b>		
<b>Total</b>	<b>105.00</b>	<b>INR One Hundred and Five Crores Only</b>	

\* Bank wise details sanctions mentioned in Annexure I

BWR has essentially relied upon projected financials up to FY16, publicly available information and information/clarifications provided by the Company.

The ratings have, inter alia, factored the experienced management, the Group's established presence in the steel industry, easy availability of raw materials and backward integrated nature of operations. The ratings are, however, constrained by the highly competitive and fragmented nature of industry, project completion risk, postponed COD and other uncertainties associated with the project affecting the cash flows.

#### Company Background:

Amba Shakti Udyog Limited was incorporated in March 2014 and has its registered office in Delhi. KPPPL intends to set up an Automatic Steel Plant consisting steel re-rolling unit with the production capacity of 150,000 MTPA for manufacturing of TMT (Thermo Mechanical Treated) Steel/bars/channels etc. and 2 Induction Furnaces with concast machine having installed capacity of 150,000 MTPA for manufacturing M.S. Billets. The plant is situated at Banmore

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

Industrial Area, District Morena (Madhya Pradesh). The commercial production of the unit is proposed to be started w.e.f. June 2015.

The aggregate cost of the project is Rs. 94.58 Crs, funded by promoter's contribution of Rs. 44.58 Crs and remaining Rs. 50.00 Crs by way of term loans from Banks.

The major raw material to be used for the production of M.S. Billets is Sponge iron which is easily available in sufficient quantity in the nearby area of Chhattisgarh. Thus, the Company has backward integrated nature of operations whereby MS billets and ingots requirement is manufactured in-house and is being utilized for the production of TMT bars/channels/angels etc.

Amba Shakti Udyog Limited is a part of AMBA Group engaged in the steel manufacturing. The Group has established presence in Uttar Pradesh, Uttaranchal, Delhi, Haryana, Maharashtra, Himachal Pradesh and Punjab. The brand name of the products is well known as AMBA SARIA. The major companies of Amba Group are Amba Shakti Steels Ltd and Amba Shakti Ispat Ltd.

### Management Profile:

Mr. Surender Kumar Goel, Mr. Akshat Goel and Mr. Sanjeev Gupta are the directors of the Company. Mr. Surender Kumar Goel who possess over four decades of experience looks after the production activities of the Group, Mr. Akshat Goel handles day to day affairs of Amba Shakti Ispat Ltd and Mr. Sanjeev Gupta handles the affairs of Amba Shakti Udyog Limited.

### Financials:

As the plant is yet to commence operations, only projections are examined.

### Rating Outlook

The project, is under active implementation and is expected to commence operations as scheduled. The ability of the Company to start its commercial production and establish a track record of sustainable operations amidst intense competition in the steel industry would remain the key sensitivity.

Analyst Contact	Relationship Contact
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
Phone	Media Contact
1-860-425-2742	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>

**Disclaimer:** Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.

**Amba Shakti Udyog Limited**

**Annexure I**

Name of the Bank	Facility**	Tenure	Sanctioned Limits in Amt.(Rs Cr)	Sanctioned Date
<b>Oriental Bank of Commerce</b>	<b>Fund Based</b> Cash Credit Limit	Long Term	15.00	24-Sep-14
	Term Loan Limit		25.00	
<b>Dena Bank</b>	Cash Credit Limit	Long Term	15.00	26-Nov-14
	Term Loan Limit		25.00	
	<b>Non Fund Based</b> Bank Guarantee	Short Term	5.00	
	ILC/FLC		5.00	
<b>Oriental Bank of Commerce</b>	ILC/FLC		15.00	24-Sep-14
<b>Total</b>			<b>105.00</b>	

\*\* This is only a sanctioned limit, the banks have not yet permitted drawings by the client from the sanctioned limits. Consortium bank facilities