

Rating Rationale

Brickwork Ratings assigns 'BWR B-' for the long-term Bank Loan Facilities aggregating ₹ 8 Cr of Ambivijay Steel Suppliers Pvt Ltd

Brickwork Ratings (BWR) has assigned the following **Rating¹** for the Bank Loan Facilities of Ambivijay Steel Suppliers Pvt. Ltd

| Facility | Existing Limits (₹ in Cr) | Tenure | Rating |
|--------------------|------------------------------|------------------------------|--|
| Fund Based (FB) | | Long Term | BWR B- (Pronounced BWR B Minus) Outlook-Stable |
| Cash Credit | 8.00 | | |
| Total | 8.00 | INR Eight Crores only | |

BWR has principally relied upon the audited financial results up to FY13, provisional financials of FY14, projected financials, publicly available information and information/clarification provided by the company's management.

The rating has inter-alia factored the promoter's extensive experience in iron and steel trading business and diversified customer base. The rating is however constrained by highly fragmented structure of the steel trading industry leading to intense competition among the players, relatively moderate scale of operation, working capital intensive nature of operation, weak financial risk profile, cyclical nature of steel industry and weak profitability indicators.

Company Profile:

Ambivijay Steel Suppliers Pvt Ltd (ASSPL), incorporated in the year 2003, is promoted by Mr. Somabhai S Patel. ASSPL is engaged in the trading of Hot Rolled, Cold Rolled Coils/Sheet and Galvanized Profile Sheets. ASSPL's area of operation is restricted to Gujarat only and is selling its product through dealers.

Financial Performance:

The ASSPL's revenue grew by approximately 52% to Rs 84.27 Cr in FY13 from Rs 55.31 Cr in FY12. However, as per the provisional financials of FY14, overall sales declined marginally to Rs83.46 Cr. Overall profit after tax (PAT) stood at Rs0.07 Cr during FY14 (provisional) as against the PAT of Rs 0.01 Cr during FY13 and Rs 0.03 Cr during FY12.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Rating Outlook:

ASSPL has experienced promoters and diverse customer base. However, the company has weak profitability indicators, moderate scale of operation and weak coverage indicators. Going forward, the ability of the company to improve its profitability margin, revenue and capital structure are the key rating sensitivities.

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