

## Rating Rationale

### Brickwork Ratings assigns 'BWR B' & 'BWR A4' for the Bank Loan Facilities aggregating ₹ 38.52 Cr of Anshul Steels Limited

Brickwork Ratings has assigned the following **Ratings**<sup>1</sup> for long-term Bank Loan facilities of Anshul Steels Limited (*ASL or "the Company"*).

Facility	Limits (₹ Cr)	Tenure	Rating
<b>Fund Based:</b> Cash Credit (CC) Term Loan (TL) Working Capital Term Loan(WCTL)	<b>22.00</b> <b>2.52</b> <b>13.00</b>	<b>Long Term</b>	<b>BWR B</b> (Pronounced BWR Single B)  <b>(Outlook - Stable)</b>
<b>Fund Based:</b> Bank Guarantee (BG)	<b>1.00</b>	<b>Short Term</b>	<b>BWR A4</b> (Pronounced BWR A Four)
<b>Total</b>	<b>38.52</b>	<b>(INR Thirty Eight Crores &amp; Fifty Two Lakhs only)</b>	

BWR has relied upon ASL's audited financial results up to FY13, limited provisional financials of FY14, projected financials of up to FY16 and the information/clarifications provided by the Company.

The ratings, inter alia, factor experience of the promoters in the steel industry, and promoter's demonstrated ability to infuse funds via interest free unsecured loans to protect capital structure. The ratings, however, constrained by declining top-line due to weak demand scenario, liquidity constraints marked by low current ratio and high working capital intensity of the business, and inherent steel price fluctuation which leads to volatility in margins.

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

## Company Background and Operations

Anshul Steels Ltd (ASL) is incorporated in December, 2004 by its promoter's Mangal family. The Company is engaged in manufacturing of Sponge Iron, M. S. Ingot, and Iron Steel Merchant. The production capacity of Sponge Iron is 60,000 MT p.a. and that of M.S. Ingot is 36,000MT p.a.

## Management Profile

Anshul Steels Limited (ASL) is promoted and managed by Mangal family, namely Mr. Kushal Mangal and his brother Mr. Anand Mangal; both of them have over a decade experience in the steel industry.

## Financial Performance

During the FY13, the Company's operating income decreased to ₹66.25 Cr with a PAT of ₹0.77 Cr as against an operating income of ₹77.10 Cr with a PAT of ₹3.02 Cr in FY12. As per provisional figures, operating income for FY14 is further decreased to ₹62.24 Cr with a PAT of ₹0.77 Cr.

## Outlook

The outlook is Stable. The Company's first quarter sales are indicating marginal revival to demand. The Company's ability to leverage on the demand revival by increasing top line, improving margins, improving inventory turnover, and increasing scale of business are key rating sensitivity factors.

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

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