



Rating Rationale

Ambey Metallic Pvt. Ltd.

21 May 2019

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 30.00 Crores of Ambey Metallic Pvt. Ltd..

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	5.65	Long Term	BWR BB+ (BWR Double B Plus) Outlook: Stable
Non Fund Based	24.35	Short Term	BWR A4+ (BWR A Four Plus)
Total	30.00	INR Thirty Crore only.	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the company's audited financial results of Fy16, Fy17, and Fy18, publicly available information and clarification / information provided by the company.

The rating draws strength from an adequate experience of the promoters, successful track record of operations , moderate gearing and improved profitability . The rating is however constrained fluctuating margins, modest net profitability, and inherent cyclical nature of the Steel Industry.

The ability of the company to improve its scale , working capital management , profitability, along with maintaining its gearing and liquidity would be its key rating sensitivity

Description of Key Rating Drivers

Credit Strengths:

- Experience of Promoters: Extensive experience of promoters along with healthy relationship with customer and supplier.
- Financial Risk Profile: Financial risk profile of the company is marked with adequate network of Rs.17.31cr resulting in gearing of 0.19x in Fy18. Coverage as reflected through DSCR and ISCR are at moderate levels, these are reported at 1.46x and 1.57x in Fy18. Company's profitability has also shown improvement with OPM reported at 2.91% Fy18 v/s -2.39% in Fy17
- Improved scale of operations, with TOI in Fy18 reported at Rs.71.49cr v/s Rs.54.10cr in Fy17
- Locational Advantage: Proximity to raw material Goa - Karnataka belt is the second largest producer of iron ore after Bihar - Orissa belt.

Credit Risks:

- Working Capital intensive nature of business with company's GCA/Gross Sales reported at 44% in Fy18, primarily driven by significant inventory held by the company.
- Company's Net profit remain modest despite showing marginal rise. It is reported at 0.89% in Fy18 v/s v/s 0.73% in Fy17.
- Business risk of the company is driven by fluctuating margins over the course of years on account of raw material prices. Demand of sponge iron is significantly dependent on cyclicity of iron and steel industry.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: *Stable*

BWR believes the **Ambey Metallic Pvt. Ltd.** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.



About the Company

Goa based Ambey Metallic Pvt.Ltd was is engaged in manufacturing of sponge iron for use in billet/ingot manufacturing. AMPL has installed capacity of 36000 metric tonnes per annum. The company is promoted by Mr. Sunil Garg , Vinod Agarwal and Mr.Pawan Bansal.

Liquidity profile: Liquidity profile of the company is marked by current ratio of 1.55x in Fy18. Its cash and its equivalents are reported at Rs.2.22cr in Fy18. Company has negligible current investments. Its average monthly bank CC utilization stood at 70%.

Company Financial Performance:

As per FY18 financials, total operating income of the firm reported at Rs.71.49 Crores as against Rs.54.10 Crores in FY17. In Fy19 it has cloaked sales of Rs.83.88cr .Operating profitability margins of the firm are reported at 2.91% in Fy18 v/s -2.39% in Fy17 . Tangible Net Worth of the firm reported at Rs. 17.31 Crores as on 31 March 2018 as against Rs.16.67 Crores as on 31 March 2017. Company continues to have low gearing.

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	71.49	54.10
EBITDA	₹ Cr	2.08	(1.29)
PAT	₹ Cr	0.64	0.39
Tangible Net worth	₹ Cr	17.31	16.67
Total Debt/Tangible Net worth	Times	0.19	0.45
Current Ratio	Times	1.55	1.37



Rating History for the last three years

S.No	Instrument /Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2018	2017	2016
1	Fund Based Cash Credit	Long Term	5.65 5.65	BWR BB+ (BWR Double B Plus) Outlook: Stable	Not Rated	Not Rated	Not Rated
2	Non Fund Based ILC/FLC FLG	Short Term Short Term	24.35 24.00 0.35	BWR A4+ (BWR A Four Plus)	Not Rated	Not Rated	Not Rated
	Total		30.00	₹ Thirty crore only			

Status of non-cooperation with previous CRA - Crisil via its press release on Apr 25th 2019, has put Ambey Metallic Pvt.Ltd under “Issuer Non Cooperation” category on account of non submission of information for rating surveillance.

Any other information: Nil

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)



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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 Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

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