

## Rating Report

### Brickwork Ratings assigns 'BWR BB/A4+' for the Bank Loan Facilities aggregating to ₹ 66.11 Crores of Amba Shakti Steels Ltd.

Brickwork Ratings has assigned following **Ratings**<sup>1</sup> for the Bank Loan Facilities of **Amba Shakti Steels Ltd (ASSL)**:-

Facility	Present Limits(Rs. Crs)	Tenure	Ratings
<b>Fund Based</b>			
Cash Credit	35.00	Long Term	BWR BB (Pronounced BWR Double B) <b>(Outlook: Stable)</b>
Term Loan	14.11		
<b>Non Fund Based</b>			
Bank Guarantee	2.00	Short Term	BWR A4+ (Pronounced BWR A Four Plus)
LC	15.00		
<b>Total</b>	66.11	INR Sixty Six Crores and Elven Lakhs Only	

BWR has essentially relied upon audited financial results of Amba Shakti Steels Ltd. up to FY15 and projected financials for FY16, publicly available information and information provided by the management.

The rating has, inter alia, factored in the management experience in its line of activity, an established track record, moderate net-worth, a diversified supplier and client base, and brand equity. The rating is, however, constrained by relatively low profitability, restricted pricing flexibility because of competitive & fragmented nature of industry.

#### Background:

ASSL, an ISO 9001: 2000, 14001 & OHSAS 18001 certified company, is established at Muzaffarnagar, Uttar Pradesh, with its registered office at Delhi. It commenced commercial operations in 1989, with an installed capacity of 98000 M.T.P.A. for the manufacture of MS/TMT Bars.

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

The TMT bars manufactured by the company have also been accredited with ‘Tempcore’ certification by CRM Belgium. The company uses the latest CONCAST technology for the casting of billets. The company markets its products in the states of Haryana, Ghaziabad, Noida & some parts of Uttarakhand in Northern India.

Mr. Surendra Kumar Goel is the Managing Director of the company. He is a graduate and has a professional experience of five decades in the steel industry. His sons Mr.Pankaj Goel & Mr. Manish Goel are the directors of the Company. They both are graduates and have professional experience of more than a decade.

### **Financial Performance:**

During FY15, the company reported PAT of ₹0.45 Cr on Net Sales of ₹ 237.35 Cr as against PAT of ₹ 0.32 Cr on Net Sales of ₹ 229.17 Cr in FY14. Both Operating Margins and Net Profit Margins continue to be low, and were at 3.46% and 0.19% respectively. The Tangible Networth stood at ₹28.89 Cr as at March 31, 2015, as against ₹28.44 Cr as on March 31, 2014. Debt to Equity (analysed) was at 1.24x in FY15.

### **Rating Outlook:**

The outlook of the company is expected to be stable during the current year. Going forward, the company’s ability to improve its profitability in line with proportionate growth in turnover, achieve its projections, infuse more funds for future growth and improved debt protection metrics will be the key rating sensitivities.

<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>

**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.

### Annexure I: Profit & Loss

<b>Crores</b>	<b>31/Mar/2013</b>	<b>31/Mar/2014</b>	<b>31/Mar/2015</b>	<b>31/Mar/2016</b>
<b>Result Type</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Projected</b>
Gross Sales	225.02	257.50	266.61	290.06
Excise Duty/Sales Tax	24.76	28.33	29.26	30.18
<b>Net Sales</b>	<b>200.26</b>	<b>229.17</b>	<b>237.35</b>	<b>259.88</b>
<b>Operating Expenses</b>	<b>196.63</b>	<b>223.45</b>	<b>229.13</b>	<b>250.30</b>
<b>OPBDIT</b>	<b>3.71</b>	<b>5.72</b>	<b>8.22</b>	<b>9.58</b>
Depreciation/Amortization/Impairment	1.11	1.46	1.86	2.45
<b>OPBIT</b>	<b>2.60</b>	<b>4.26</b>	<b>6.36</b>	<b>7.13</b>
Interest and Finance Charges	1.96	3.59	6.34	5.75
<b>OPBT</b>	<b>0.64</b>	<b>0.67</b>	<b>0.01</b>	<b>1.38</b>
Non Operating Income(Expenses)	0.09	0.13	0.19	0.22
<b>PBT</b>	<b>0.73</b>	<b>0.80</b>	<b>0.21</b>	<b>1.60</b>
Provision for Taxes	0.23	0.48	-0.25	0.30
<b>PAT</b>	<b>0.50</b>	<b>0.32</b>	<b>0.45</b>	<b>1.30</b>

### Annexure II: Balance Sheet

<b>Crores</b>	<b>31/Mar/2013</b>	<b>31/Mar/2014</b>	<b>31/Mar/2015</b>	<b>31/Mar/2016</b>
<b>Liabilities</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Projected</b>
<b>EQUITY AND RESERVES</b>	<b>28.11</b>	<b>28.44</b>	<b>28.89</b>	<b>31.06</b>
Share capital	23.00	23.00	23.00	23.00
Reserves and Surplus	5.11	5.44	5.89	8.06
<b>Non-current liabilities</b>	<b>9.52</b>	<b>24.11</b>	<b>32.72</b>	<b>27.51</b>
Long-Term Borrowings	7.31	21.48	30.13	25.37
Deferred tax Liabilities (Net)	2.08	2.48	2.40	2.08
Long-Term Provisions	0.13	0.16	0.19	0.00
<b>Current liabilities</b>	<b>40.99</b>	<b>45.21</b>	<b>57.91</b>	<b>61.11</b>
Short-Term Borrowings	23.68	19.52	32.19	35.00
Current Portion Of Long Term Debt	0.11	1.14	1.94	0.02
Trade Payables	16.38	21.19	21.21	23.58
Other Current Liabilities	0.17	2.18	1.27	2.20
Short-Term Provisions	0.64	1.18	1.30	0.30
<b>Total Liabilities</b>	<b>78.61</b>	<b>97.76</b>	<b>119.53</b>	<b>119.68</b>
<b>ASSETS</b>				
<b>Non-current assets</b>	<b>19.87</b>	<b>33.94</b>	<b>41.96</b>	<b>34.52</b>
Net Fixed assets	16.35	28.66	28.47	33.30
Capital Work-In-Progress	1.26	2.41	10.33	0.00
Long Term Loans and Advances	1.03	0.85	0.86	0.74
Other Non Current Assets	1.24	2.01	2.31	0.48
<b>Current assets</b>	<b>58.74</b>	<b>63.82</b>	<b>77.57</b>	<b>85.16</b>
Inventories	31.80	33.89	40.72	54.67
Trade Receivables > Six Months	0.28	0.40	0.57	0.60
Trade Receivables < Six Months	15.37	19.24	18.02	20.95
Cash and Cash Equivalents	5.64	1.08	2.55	0.42
Short-Term Loans and Advances	1.98	2.33	9.04	3.00
Other Current Assets	3.67	6.87	6.68	3.53
<b>Total Assets</b>	<b>78.61</b>	<b>97.76</b>	<b>119.53</b>	<b>119.68</b>