

## Rating Report

### Brickwork Ratings assigns 'BWR D' rating for long-term bank loan facilities & 'BWR D' rating for short-term bank loan facilities of Ambey Vaishno Steels Private Limited.

Brickwork Ratings assigns 'BWR D' **Ratings**<sup>1</sup> for long-term bank loan facilities and BWR D rating for short-term bank loan facilities of Ambey Vaishno Steels Private Limited (*AVSPL or "the Company"*).

Facility	Limits ( ₹Cr)	Tenure	Rating
<b>Fund Based:</b> Cash Credit Term Loans (Outstanding)	19.00 2.21	<b>Long Term</b>	<b>BWR D</b> (Pronounced BWR D)
<b>Fund Based:</b> Bank Guarantee	1.50	<b>Short Term</b>	<b>BWR D</b> (Pronounced BWR D)
<b>Total</b>	<b>22.71</b>	<b>(INR Twenty Two Crores and Seventy One Lakhs only)</b>	

BWR has relied upon AVSPL's audited financial results of up to FY14, estimated financials of FY15, and the information/clarifications provided by the Company.

The ratings primarily factor the continuous overdrawings in AVSPL's CC account for more than 30 days and irregularities in servicing term loan obligations. The ratings, although, takes comfort from promoters' experience in steel industry; they are constraint by AVSPL's thin profit margins, weak coverage indicators, and presence in weak steel industry.

#### Company Background and Operations

Ambey Vaishno Steels Private Limited (AVSPL), part of the Pune based Jindal SVI Group, was incorporated in June 2009. It was initially promoted by Mr. Pawan Lila of Ambey Group. Later it was taken over by Jindal SVI group and is currently headed by Mr. Ashok Kumar Jindal and his son Mr. Rohit Jindal.

AVSPL is engaged in the manufacturing of Mild Steel Billets and has a capacity to manufacture 78000 MTPA Billets. Its utilisation is approximately 60%

The Company is presently facing liquidity constraints; hence, there are continuous overdrawings in CC account (i.e. limit utilisation above the sanction limits of ₹ 19.00 Cr) for the period of October 2014 to January 2015.

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

### Management Profile

Mr. Ashok Kumar Jindal is the promoter of Jindal SVI group. Mr. Ashok Jindal, aged about 50 years, has more than twenty five years of experience in steel trading and manufacturing.

Mr. Rohit Jindal (son of Mr. Ashok Jindal), is also actively involved in working of the company. He is also acquainted with the steel re-rolling industry and billets / ingots industry by way of dealing in the end- products and getting the same manufactured at different re-rolling mills.

### Financial Performance

During the FY14, SCL's operating income increased to ₹305.74 Cr as against ₹128.19 Cr FY13. PAT, however, decreased to ₹0.50 Cr in FY14 as compared to ₹0.76 Cr in FY13. PAT margins are also thin at 0.16 per cent in FY14 and 0.59 per cent in FY13. The coverage indicators in FY14 are weak since its ISCR stands at 1.40 times and DSCR stands at 0.94 times.

The Company has a networth of ₹ 19.13 Cr and its total debt/equity ratio stands at 1.82 times as on 31/Mar/2014.

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## Key Financials – Ambey Vaishno Steels Private Limited

### Annexure I: Abridged Balance Sheet (₹ Cr)

<b>Crores</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Result Type</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
<b>LIABILITIES</b>			
<b>Equity and reserves</b>	<b>13.70</b>	<b>18.14</b>	<b>19.14</b>
Share capital	6.00	12.70	12.70
Share Application money Pending allotment	6.70	4.00	4.50
Reserves and Surplus	1.00	1.44	1.94
<b>Non-current liabilities</b>	<b>12.57</b>	<b>11.65</b>	<b>17.24</b>
Long-Term Borrowings	12.42	10.80	16.07
Deferred tax Liabilities (Net)	0.15	0.85	1.17
<b>Current liabilities</b>	<b>27.80</b>	<b>40.14</b>	<b>57.77</b>
Short-Term Borrowings	15.01	15.18	18.82
Trade Payables	9.44	20.70	34.83
Other Current Liabilities	1.14	1.87	3.04
Short-Term Provisions	2.22	2.39	1.08
<b>Total Liabilities</b>	<b>54.07</b>	<b>69.94</b>	<b>94.16</b>
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>16.74</b>	<b>16.51</b>	<b>16.43</b>
Net Fixed assets	16.70	16.30	15.82
Long Term Loans and Advances	0.02	0.20	0.61
Miscellaneous Expenditure To the Extent Not Written off	0.02	0.01	0.01
<b>Current assets</b>	<b>37.33</b>	<b>53.43</b>	<b>77.72</b>
Inventories	25.30	42.76	65.72
Trade Receivables	6.97	7.82	9.48
Cash and Cash Equivalents	1.02	2.06	1.97
Short-Term Loans and Advances	2.78	0.22	0.35
Other Current Assets	1.26	0.57	0.21
<b>Total Assets</b>	<b>54.07</b>	<b>69.94</b>	<b>94.16</b>

### Annexure II: Abridged Profit and Loss ( ₹Cr)

<b>Crores</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Result Type</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
Gross Sales	136.43	150.39	333.24
Excise Duty/Sales Tax	13.63	22.20	27.49
<b>Net Sales / Operating Income</b>	<b>122.80</b>	<b>128.19</b>	<b>305.74</b>
Operating Expenses	116.40	122.61	300.50
<b>OPBDIT</b>	<b>6.40</b>	<b>5.58</b>	<b>5.24</b>
Depreciation/Amortization/Impairment	0.80	0.77	0.76
<b>OPBIT</b>	<b>5.60</b>	<b>4.81</b>	<b>4.48</b>
Interest and Finance Charges	4.43	3.72	3.75
<b>OPBT</b>	<b>1.17</b>	<b>1.09</b>	<b>0.73</b>
Non-Operating Income(Expenses)	0.18	0.34	0.20
<b>PBT</b>	<b>1.35</b>	<b>1.43</b>	<b>0.93</b>
Provision for Taxes	0.41	0.68	0.44
<b>PAT</b>	<b>0.94</b>	<b>0.76</b>	<b>0.50</b>

### Annexure III: Ratio Analysis\*

\*Calculation has been done based on BWR ratio definition

	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
Tangible Net worth ( ₹ Cr)	13.68	18.13	19.13
D/E Ratio (x)	2.00	1.43	1.82
Interest Coverage (x)	1.44	1.50	1.40
Debt Service Coverage (x)	1.39	0.96	0.94
Net Profit Margin (%)	0.77	0.59	0.16
Net Cash Accruals / Total Debt (x)	0.07	0.07	0.05
ROCE (%)	13.58	11.15	8.95
Current Ratio (x)	1.34	1.33	1.35