

## Rating Report

### Brickwork Ratings assigns 'BWR B' & 'BWR A4' for the Bank Loan Facilities aggregating ₹16.50 Cr of Ankit Ispat Private Limited.

Brickwork Ratings (BWR) has assigned the following **Ratings**<sup>1</sup> for the Bank Loan Facilities of ₹ 16.50 crores of Ankit Ispat Private Limited ( 'the company')

Facility (Existing)*	Amount (₹ Cr)	Tenure	Rating <sup>^</sup>
<b>Fund Based</b> Cash Credit OD (book debts)	11.25 1.75	Long term	<b>BWR B</b> (Pronounced BWR B ) <b>Outlook: Stable</b>
<b>Non fund Based</b> DALC Bank Guarantee	3.00 0.50	Short term	<b>BWR A4</b> (Pronounced BWR A Four)
<b>Total</b>	<b>16.50</b>	<b>(Rupees Sixteen Crores and Fifty Lakhs only)</b>	

BWR has principally relied upon the audited financial results up to FY14, provisional financials of FY 15 and projected financials up to FY 2016 publicly available information and information/clarifications provided by the company.

The ratings reflect the experienced management, medium term revenue visibility and continuously profit making. The ratings are, however, constrained by the company's medium scale of operations, fluctuations in revenue levels, low profitability, very high gearing and weak debt protection metrics, instances of delayed debt repayments, and high intensity of competition from other players in this industry.

#### Background:

Ankit Ispat P Ltd was incorporated on 13<sup>th</sup> August 2003 by acquiring an existing unit viz., Elango Steels Ltd at Chennai. It is engaged in the business of manufacturing, buying and selling of iron, steel and non ferrous articles.

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

It has two manufacturing units which are manufacturing mild steel ingots having a capacity of 40000 tonnes per annum (20000 tons each), located at Pologam Village, TR Pattinam, Karaikal, Tamilnadu. The manufacturing units are having 2 furnaces of 3.5 MT each. The Company operates both the plants to its full capacity. The Company concentrates more on manufacturing of MS Ingots and trading in a smaller way.

### **Management Profile:**

The promoters of the company are Mr. Ashok Agarwal who was into manufacturing of mild steel ingot at Pondicherry in the year 1998. At present Mr. Ankit Agarwal is the managing director managing the day to day affairs of the company. He is assisted by Mr. Vinod Kishore Kasat who is also a director in the company.

### **Financial Performance:**

In FY14, the Company made revenue of Rs 53.14 Crs compared to Rs.49.93 Crs in FY 13. Though there is increase in revenue, profit after tax has not increased much and reported from Rs.0.11 Cr in FY 13 to Rs.0.12 Crs in FY 14. Net profit margin is very low at 0.22% for FY 14.

As per provisional results up to 31.3.15, the Company achieved revenue of Rs.74.95 Crs and profit of Rs.0.28 Crs.

Tangible net worth of the Company as on 31.3.14 is Rs. 7.68 Crs.

### **Rating Outlook**

The outlook of the Company is expected to be stable over the medium term. Going forward, the Company's ability to improve operating revenue at envisaged profit margins, ensure need based financial support from the promoters and sustain its capital structure and timely repayment of debt will be the key rating sensitivity factors.

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Annexure I: Profit and Loss account of Ankit Ispat Private Limited(Rs in Crs)

**Profit and Loss Account**

<b>Crores</b>	<b>31/Mar/2012</b>	<b>31/Mar/2013</b>	<b>31/Mar/2014</b>
<b>Result Type</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
Gross Sales	56.13	50.87	53.14
Traded Goods Sales	0.00	0.00	0.00
Excise Duty/Sales Tax	1.40	0.94	0.00
<b>Net Sales</b>	<b>54.73</b>	<b>49.93</b>	<b>53.14</b>
Other Operating Income	0.00	0.00	0.00
<b>Total Operating Income</b>	<b>54.73</b>	<b>49.93</b>	<b>53.14</b>
<b>Operating Expenses</b>	<b>52.05</b>	<b>46.49</b>	<b>50.36</b>
<b>OPBDIT</b>	<b>2.68</b>	<b>3.44</b>	<b>2.78</b>
Depreciation/Amortization/Impairment	0.22	0.33	0.28
<b>OPBIT</b>	<b>2.46</b>	<b>3.11</b>	<b>2.50</b>
Interest and Finance Charges	2.59	3.17	2.58
<b>OPBT</b>	<b>-0.13</b>	<b>-0.06</b>	<b>-0.08</b>
Non Operating Income(Expenses)	0.22	0.22	0.24
<b>PBT</b>	<b>0.09</b>	<b>0.16</b>	<b>0.17</b>
Extraordinary/Prior Period - Income(Expense)	0.00	0.00	0.00
Provision for Taxes	0.03	0.05	0.05
<b>PAT</b>	<b>0.06</b>	<b>0.11</b>	<b>0.12</b>

## Annexure II: Balance Sheet of Ankit Ispat Private Limited (Rs in Crs)

<b>Balance Sheet</b>			
<b>Crores</b>	<b>31/Mar/2012</b>	<b>31/Mar/2013</b>	<b>31/Mar/2014</b>
<b>Liabilities</b>			
<b>EQUITY AND RESERVES</b>	<b>7.46</b>	<b>7.57</b>	<b>7.68</b>
Share capital	1.64	1.64	1.64
Preference Share Capital/Quasi Equity	0.00	0.00	0.00
Reserves and Surplus	5.82	5.93	6.05
<b>Non-current liabilities</b>	<b>2.73</b>	<b>2.95</b>	<b>2.72</b>
Long-Term Borrowings	2.03	2.25	2.01
Deferred tax Liabilities (Net)	0.70	0.71	0.71
Other Long Term liabilities	0.00	0.00	0.00
Long-Term Provisions	0.00	0.00	0.00
<b>Current liabilities</b>	<b>39.52</b>	<b>41.08</b>	<b>34.20</b>
Short-Term Borrowings	25.91	28.73	26.29
Current Portion Of Long Term Debt	0.00	0.00	0.00
Trade Payables	13.58	12.29	7.85
Other Current Liabilities	0.01	0.03	0.01
Short-Term Provisions	0.02	0.04	0.04
<b>Total Liabilities</b>	<b>49.71</b>	<b>51.60</b>	<b>44.60</b>
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>15.53</b>	<b>16.44</b>	<b>16.15</b>
Net Fixed assets	8.13	8.57	8.29
Net Intangible assets	0.00	0.00	0.00
Non Current Investments	7.40	7.40	7.40
Long Term Loans and Advances	0.00	0.46	0.46
Long Term Trade Receivables	0.00	0.00	0.00
<b>Current assets</b>	<b>34.18</b>	<b>35.17</b>	<b>28.45</b>
Current Investments	2.47	1.77	1.62
Inventories	19.72	22.48	17.27
Trade Receivables > Six Months	0.00	0.00	0.00
Trade Receivables < Six Months	9.88	5.54	4.64
Cash and Cash Equivalents	0.03	1.01	1.26
Short-Term Loans and Advances	0.00	0.00	0.00
Other Current Assets	2.08	4.36	3.66
<b>Total Assets</b>	<b>49.71</b>	<b>51.60</b>	<b>44.60</b>

Annexure III: Key ratios\*

<b>Particulars</b>	<b>FY 12</b>	<b>FY 13</b>	<b>FY 14</b>
Total Debt/TNW	3.75	4.09	3.68
Long Term Debt/TNW	0.27	0.30	0.26
TOL/TNW	3.98	4.06	3.10
ISCR	1.04	1.09	1.08
DSCR	1.11	1.04	1.03
Net Cash Accruals/Total Debt	0.01	0.01	0.01
Net Cash Accruals/Long Term Debt	0.15	0.20	0.20
Net Profit Margin	0.11	0.22	0.22
Operating Profit Margin	4.90	6.89	5.24
ROCE	6.81	8.25	6.58
Current Ratio	0.86	0.86	0.83
Days Receivables	66	56	35
Days Inventory	142	168	146
Days Payable	104	116	103