

### Ganesh Steel and Alloys Limited: Assigned

Facilities	Amount (Rs Crore)	Ratings/Outlook
Cash Credit	7.00	SMERA BB/Stable (Suspension Revoked, Rating Assigned)
Bank Guarantee	2.55	SMERA A4+ (Suspension Revoked, Rating Assigned)

SMERA has revoked the suspension of rating and assigned long term rating of '**SMERA BB**' (**read as SMERA double B**) and short term rating of '**SMERA A4+**' (**read as SMERA A four plus**) to the above mentioned Rs.9.55 crore bank facilities of Ganesh Steel and Alloys Limited (GSAL). The outlook is '**Stable**'.

The ratings continue to derive comfort from the company's experienced management, consistent revenue growth, stable profitability margin and moderate financial risk profile. However, the ratings are constrained by the modest-scale and working capital-intensive operations. The ratings also note that the company's business is exposed to fluctuations in raw material prices and intense competition in the steel industry.

#### Update

GSAL is engaged in the manufacture of ingots at Hoogly, West Bengal. The company's revenue fell from Rs.64.68 crore in FY2014-15 to Rs.50.28 crore in FY2015-16 due to a temporary shutdown of its manufacturing facility for three months. Further, the company registered revenue of Rs.43.48 crore (Provisional) between April 2016 to September 2016. The operating margins declined marginally from 3.55 per cent for FY2014-15 to 2.92 per cent in FY2015-16. The financial risk profile continues to remain healthy in FY2015-16. The gearing remained stable at 0.51 times as on March 31, 2016 as against 0.50 times as on March 31, 2015. The interest coverage ratio remained stable at 4.11 times for FY2015-16 (2.81 times as on March 31, 2015). Additionally, TOL/TNW has been stable at 1.39 times as on March 31, 2016 (1.37 times as on March 31, 2015).

#### Rating Sensitivity Factors

- Increase in scale of operations while maintaining profit margins
- Volatility in commodity prices

#### Outlook: Stable

SMERA believes that GSAL will maintain a stable outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' if the company achieves significant improvement in revenues and profitability without deterioration in its liquidity position and debt protection metrics. Conversely, the outlook may be revised to 'negative' in case of decline in revenues, profit margins or deterioration in the capital structure and liquidity.

#### Criteria applied to arrive at the ratings:

- Manufacturing Entities

### About the Company

GSAL, incorporated in 1995, is a Kolkata-based company promoted by Mr. S. K. Nahata, Mr. N. M. Baid and Mr. N. K. Baid. The company is engaged in the manufacture of ingots at Hooghly, West Bengal and has an installed capacity of 35000 metric tonnes per annum.

For FY2015-16, GSAL reported profit after tax (PAT) of Rs.0.70 crore on operating income of Rs.50.28 crore, as compared with PAT of Rs.0.59 crore on operating income of Rs.64.68 crore for FY2014-15.

### Rating History

Date	Facilities	Amount (Rs. Crore)	Ratings		Rating Outlook
			Long Term	Short Term	
28 July, 2016	Cash Credit	7.00	SMERA BB (Suspended)	-	Stable
	Bank Guarantee	2.55	-	SMERA A4+ (Suspended)	-
30 July, 2015	Cash Credit	7.00	SMERA BB (Assigned)	-	Stable
	Bank Guarantee	2.55	-	SMERA A4+ (Assigned)	-

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### ABOUT SMERA

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