

March 19, 2016

Facilities	Amount (Rs. Crore)	Ratings
<b>Cash Credit</b>	<b>5.50</b>	<b>SMERA BB-/Stable (Assigned)</b>
<b>Term Loan</b>	<b>0.26</b>	<b>SMERA BB-/Stable (Assigned)</b>
<b>Fund Based Facility (Proposed)</b>	<b>0.74</b>	<b>SMERA BB-/Stable (Assigned)</b>
<b>Bank Guarantee</b>	<b>1.00*</b>	<b>SMERA A4+ (Assigned)</b>

\*Includes sublimit of letter of credit to bank guarantee upto Rs. 1.00<sup>^cr</sup>

<sup>^</sup>Includes sublimit of buyers credit to letter of credit upto Rs.1.00cr

SMERA has assigned a rating of '**SMERA BB- (read as SMERA double B minus)**' to the Rs.6.50 crore long term facility and '**SMERA A4+ (read as SMERA A four plus)**' to the Rs.1.00 crore short term facility of A. K. Multimetals Private Limited (AKMPL). The outlook is '**Stable**'. The ratings draw comfort from the company's long track record of operations, experienced management and moderate financial profile marked by comfortable capital structure reflecting in low gearing and modest coverage indicators. However, the ratings remain constrained due to the small scale of operations and cyclical in the steel industry. The ratings are further constrained by the susceptibility of profit margins to volatility in raw material prices and working capital intensive operations.

### Outlook: Stable

SMERA believes AKMPL will maintain a Stable outlook over the medium term owing to the experienced management and diversified customer base. The outlook may be revised to Positive in case the company registers more than expected growth in revenues while achieving improvement in its profitability. Conversely the outlook may be revised to Negative in case of deterioration in the financial risk profile.

### Rating Sensitivity Factors

- Efficient working capital management
- Scaling up of operations while maintaining its margins

**Disclaimer:** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.

### About the Company

AKMPL, incorporated in 1998 is a Punjab-based company promoted by Mr. Ashok Gupta, Mr. Deepak Gupta and Mr. Vijay Gupta. The company is engaged in manufacturing of steel castings, metal rolls and mild steel ingots at its manufacturing unit in Mandi Gobindgarh (Punjab) which has an installed capacity of 2,500 MTPA (steel casting), 2500 MTPA (metal rolls) and 5500 MTPA (MS ingots) respectively.

For FY2014–15, AKMPL reported net loss of Rs.0.01 crore on operating income of Rs.17.48 crore, as compared with profit after tax (PAT) of Rs.0.29 crore on operating income of Rs.20.37 crore in FY2013–14.

### Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Suman M National Sales Head – Emerging Corporate Group Tel No: 022 67141151 Cell: 9892306888 Email: <a href="mailto:suman.m@smera.in">suman.m@smera.in</a>	Pooja Ghosh Associate Vice President – Corporate Ratings Tel: +91-33-6620 1203 Email: <a href="mailto:pooja.ghosh@smera.in">pooja.ghosh@smera.in</a>	Tel: +91-22-6714 1184 Email: <a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a>

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