

April 06, 2016

Facility	Amount (Rs. Crore)	Rating
Cash Credit	6.00	SMERA B+/Stable (Assigned)

SMERA has assigned long-term rating of '**SMERA B+**' (read as **SMERA B plus**) on the above mentioned bank facility of Ambica Iron & Steel Private Limited (AISPL). The outlook is '**Stable**'. The rating is constrained by exposure of the company to intense competition in the steel industry, working capital intensive nature of operations and moderate scale of operations. However, the rating derives comfort from the experienced management and average financial risk profile marked by moderate net worth, gearing and modest coverage indicators.

### Outlook: Stable

SMERA believes AISPL will maintain a stable business risk profile in the medium term on account of its experienced management. The outlook may be revised to 'Positive' if the company registers higher-than-expected growth in revenues or net cash accruals while maintaining a better profit margin. Improvement in the working capital management may also entail a 'Positive' outlook. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected growth in revenues and profitability or deterioration in the financial risk profile.

### Rating Sensitivity Factors

- Scaling up of operations
- Improvement in profitability
- Efficient working capital management

### About the Company

AISPL, established in 1983 commenced commercial production from 1985. Promoted by Mr. Sanjay Kumar Bansal and family, the company is engaged in the manufacture of structured steel. Its products include rounds, angles, channels among others. AISPL has an installed capacity of 1,800 tons per annum and its manufacturing facilities are located at Rourkella, Orissa.

AISPL reported profit after tax (PAT) of Rs.0.01 crore on operating income of Rs.43.74 crore for FY2014-15, as compared with PAT of Rs.0.06 crore on operating income of Rs.36.18 crore in FY2013-14.

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SMERA RATINGS LIMITED

## Ambica Iron & Steel Private Limited (AISPL)

*Rating  
Rationale*

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