

### Ferromet Steels Private Limited: Assigned

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	9.00*	SMERA C (Assigned)
Term loan I	2.50	SMERA C (Assigned)
Term loan II	1.00	SMERA C (Assigned)
Working Capital Term Loan	23.14	SMERA C (Assigned)
Funded Interest Term Loan	4.80	SMERA C (Assigned)

\*Cash credit of Rs.9.00 crore includes ILC/FLC of Rs.3.00 crore and ILG of Rs.2.50

SMERA has assigned rating of '**SMERA C**' (read as **SMERA C**) on the above mentioned bank loan facilities of Ferromet Steels Private Limited (FSPL).

The rating reflects the company's stretched liquidity position, below average financial profile, moderate scale of operations and highly competitive and fragmented industry. However, the rating derives comfort from the experienced management.

The operations of FSPL are working capital intensive with average utilisation of ~102.98 per cent from November 2015 to April 2016. The company has below average financial profile marked by negative net worth of Rs.4.06 crore as on 31 March, 2015 due to losses. The operating losses stood at Rs.12.32 crore in FY2014-15 and Rs.3.65 crore in FY2013-14. The company operates on a moderate scale with revenue of Rs.35.88 crore in FY2014-15.

The company's profit margins are susceptible to volatility in raw material prices and intense market competition in the steel industry. However, FSPL benefits from its experienced management.

#### Rating Sensitivity Factors

- Scaling up operations and maintaining profitability
- Efficient working capital management

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

- Manufacturing Entities

#### About the Company

FSPL, incorporated in 1995, is engaged in the manufacture of mild steel (MS) bars, MS Angle, MS round, MS square. The company is promoted and managed by Mr. Manmohan Mittal, Mr. Rajasekar and Mr. Ashok Kumar Goel, Directors. The production capacity is 21600 metric tonnes (MT) per annum.

FSPL reported net loss of Rs.17.82 crore on operating income of Rs.35.88 crore during FY2014-15 and net loss of Rs.9.38 crore on operating income of Rs.111.09 crore in FY2013-14.

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