

## Addi Alloys Private Limited

Instrument	Amount	Rating Action
	In Rs. Crore	September 2016
Fund based limit	10.00	[ICRA]B-; upgraded from [ICRA]C+
Non fund based limit	4.00	[ICRA]A4; reaffirmed

ICRA has revised its long-term rating on Addi Alloys Private Limited's (AAPL) Rs. 10-crore fund-based limits bank facility to [ICRA]B- (pronounced ICRA B minus) from [ICRA]C+ (pronounced ICRA C plus). It has also reaffirmed its short-term rating of [ICRA]A4 (pronounced ICRA A four) assigned to its Rs. 4.00-crore non-fund based limits.

ICRA's rating action takes into account the healthy year-on-year growth in AAPL's operating income and the sustained profits for the last two years, supported primarily by trading sales. Further, ICRA has also factored in the improvement in AAPL's capital structure arising out of improved net worth; although the company's gearing still remains high, with modest debt coverage indicators. Also, the long term debt repayment obligations for the company are minimal going forward, providing cushion to the cash flows. Further, the ratings continue to derive comfort from the long experience of the promoters in the steel industry and their established relationships with key customers.

The ratings are, however, constrained by AAPL's modest scale of operations and the vulnerability of its profits and cash flows to fluctuations in raw material prices as well as cyclicalities in the steel sector. The ratings also take into account AAPL's stretched liquidity position as reflected in frequent overdrawals of fund-based limits.

The ability of the company to improve its liquidity position and increase its scale of operations in a profitable manner while maintaining optimal working capital intensity, will be the key rating sensitivities.

### About the Company

AAPL was established in 1990. It manufactures ingots using scrap as major raw material. The manufacturing facility of the company is located at Ludhiana in Punjab and has an installed capacity of 18,000 tonnes per annum.

### Recent Results

The company reported a profit after tax (PAT) of Rs. 0.66 crore on an operating income of Rs. 85.22 crore in FY2016, as against a PAT of Rs. 0.67 crore on an operating income of Rs. 55.64 crore in the previous year.

**September 2016**

*For further details, please contact:*

Analyst Contacts:

**Mr. Sabyasachi Majumdar** (Tel. No. +91 124 4545304)  
sabyasachi@icraindia.com

**Manish Ballabh** (Tel. No +124-4545 812)  
manish.ballabh@icraindia.com

**Gaurav Singla** (Tel. No +124-4545 366)  
gaurav.singla@icraindia.com

**Rashmi Agarwal** (Tel. No +124- 4545 871)  
rashmi.agarwal@icraindia.com

Relationship Contacts:

**Mr. Jayanta Chatterjee** (Tel. No. +91-80-43326401)  
jayantac@icraindia.com



© Copyright, 2016, ICRA Limited. All Rights Reserved

Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001  
Tel: +91-11-23357940-50, Fax: +91-11-23357014

**Corporate Office****Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: [vivek@icraindia.com](mailto:vivek@icraindia.com)

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002  
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

**Mumbai****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

3rd Floor, Electric Mansion  
Appasaheb Marathe Marg, Prabhadevi  
Mumbai—400025,  
Board : +91-22-61796300; Fax: +91-22-24331390

**Kolkata****Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: [jayanta@icraindia.com](mailto:jayanta@icraindia.com)

A-10 & 11, 3rd Floor, FMC Fortuna  
234/3A, A.J.C. Bose Road  
Kolkata—700020  
Tel +91-33-22876617/8839 22800008/22831411,  
Fax +91-33-22870728

**Chennai****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

5th Floor, Karumuttu Centre  
634 Anna Salai, Nandanam  
Chennai—600035  
Tel: +91-44-45964300; Fax: +91-44 24343663

**Bangalore****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

'The Millenia'  
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,  
Murphy Road, Bangalore 560 008  
Tel: +91-80-43326400; Fax: +91-80-43326409

**Ahmedabad****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

907 & 908 Sakar -II, Ellisbridge,  
Ahmedabad- 380006  
Tel: +91-79-26585049, 26585494, 26584924; Fax:  
+91-79-25569231

**Pune****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range  
Hills Road, Shivajinagar, Pune-411 020  
Tel: + 91-20-25561194-25560196; Fax: +91-20-  
25561231

**Hyderabad****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj  
Bhavan Road, Hyderabad—500083  
Tel:- +91-40-40676500