Ankit Metal & Power Limited

Instruments	Amount Rated (Rs. In Crore)	Rating action
Term loans	414.03	Downgraded to [ICRA]D from [ICRA]C+
Working capital term loans	223.21	Downgraded to [ICRA]D from [ICRA]C+
Funded Interest Term Loan	165.15	Downgraded to [ICRA]D from [ICRA]C+
Cash Credit	333.62	Downgraded to [ICRA]D from [ICRA]C+
Letter of Credit	135.02	Downgraded to [ICRA]D from [ICRA]A4
Bank Guarantee	9.00	Downgraded to [ICRA]D from [ICRA]C+/[ICRA]A4

ICRA has revised downwards the long term rating assigned to the Rs. 414.03 crore* term loans, Rs. 223.21 crore working capital term loans, Rs 165.15 crore funded interest term loans, Rs 333.62 crore cash credit and Rs. 9.00 crore bank guarantee limits of Ankit Metal & Power Limited (AMPL) from [ICRA]C+ (pronounced ICRA C plus)† to [ICRA]D (pronounced ICRA D). The bank guarantee facilities of the company are also rated in the short term for which ICRA has revised downwards the rating from [ICRA]A4 (pronounced ICRA A four) to [ICRA]D (pronounced ICRA D). ICRA has also revised the short term rating assigned to the Rs 135.02 crore Letter of Credit facilities of AMPL from [ICRA]A4 (pronounced ICRA A four) to [ICRA]D (pronounced ICRA D).

The revision in the ratings take into account the multiple instances of devolvement of Letter of credit (L/C) facility which have remained uncorrected for a period more than 30 consecutive days. ICRA notes that this is as a result of the adverse financial metrics of the company, given the continued loss making nature of operations in the nine months of the current financial year, leading to stretched liquidity position. ICRA notes that AMPL's non-integrated nature of operations results in an adverse cost structure and exposes the company's margins and cash flows to the variability in the ferro alloy and raw material prices. ICRA also notes that AMPL has come under the purview of a strategic debt restructuring (SDR) programme, and the bankers are in the process of implementation of the programme.

Company Profile

AMPL, promoted by the SKP group based out of Kolkata, West Bengal, is engaged in the manufacturing sponge iron, iron ore pellets, steel billets, TMT bars and wire rods from its integrated facility located at Jorediah in West Bengal. The company's TMT bars are sold in the market under the brand name of "Ankit". Apart from manufacturing, AMPL is also engaged in trading in iron and steel based products.

Recent results

AMPL recorded a net loss of Rs. 193.27 crore on an operating income of Rs. 1147.69 in FY15. During FY14, the company had registered a net loss of Rs. 76.52 crore on an operating income of Rs. 1475.70 crore. As per unaudited financial results, AMPL has registered a net loss of Rs 199.07 crore on an operating income of Rs 740.46 crore in April-September 2015.

March 2016

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* *100 lakh = 1 crore = 10 million*

† *For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications*

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