

June 4, 2010

**CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF ANKIT METAL & POWER LTD.**

**Ratings Assigned**

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities	89.71 (reduced from Rs.103.26 crore)	<b>'CARE BBB-' (Triple B Minus)</b>	Reaffirmed
Short-term Bank Facilities	24.30	<b>'PR3' (PR Three)</b>	Reaffirmed
<b>Total Facilities</b>	<b>114.01</b>		

**Rating Rationale**

The above ratings continue to draw strength from promoters' experience, company's operational efficiency by virtue of having an integrated plant, manufacturing value added products, steady growth in revenue and moderate financial position. The ratings are however, constrained by the relatively short track record in manufacturing activity, volatility in input prices vis-à-vis lack of backward integration for key inputs, high volume of low margin trading business, decline in profitability in FY09 and cyclicality in the steel industry along with increasing competition from unorganised sector. Ability of the company to improve profitability and liquidity position would remain the key rating sensitivities.

**Company Profile**

Incorporated in August, 2002, Ankit Metal & Power Ltd. (AMPL), was promoted by Kolkata based Shri Suresh Kumar Patni of Impex group. The group is an established steel manufacturer in the secondary sector in eastern India. AMPL is, currently, engaged in manufacturing of sponge iron, billets, TMT bars and ferro alloys at its manufacturing facility at Jorehira, Bankura, West Bengal. Besides, it is also involved in trading activity and its operation is also supported by a Captive Power Plant (CPP). AMPL earned PBILDT of Rs.35.4 crore (Rs.46.8 crore in FY08) and PAT (after defd. tax provision) of Rs.6.5 crore (Rs.22.8 crore in FY08) on total income of Rs.505.6 crore (Rs.285.4 crore in FY08) in FY09. Overall gearing ratio was comfortable as on Mar.31, 2009.

<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publication

The working results for the nine months ended Dec.31, 2009 (9MFY10) were satisfactory with significant improvement in revenue and other profitability related parameters. AMPL earned PAT (after defd. tax) of Rs.9.3 crore on total income of Rs.483.0 crore during 9MFY10.

**Analyst Contact**

Name: Priti Agarwal/Vikash Agarwal

Tel # 033-22896150

Mobile # 9831967110/9874375100

Email: [priti.agarwal@careratings.com](mailto:priti.agarwal@careratings.com) /[vikash.a@careratings.com](mailto:vikash.a@careratings.com)

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CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

**HEAD OFFICE: MUMBAI**

**Mr. D.R. Dogra**

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

**Mr. Rajesh Mokashi**

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

**Mr. Ankur Sachdeva**

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4<sup>th</sup> Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,  
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

**Website: www.careratings.com**

**OFFICES**

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Pralhadnagar Corporate Road, Satellite, <b>Ahmedabad - 380 015.</b> Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's Place No. 6, Raja Ram Mohan Roy Road, Richmond Circle, <b>Bangalore - 560 025.</b> Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr.Ashwini Jani Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, <b>Chennai 600 002</b> Tel: 044 2849 7812/2849 0811 Mobile – 91766 47599 E-mail : ashwini.jani@careratings.com</p>	<p>Mr. Rahul Patni Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar <b>Hyderabad - 500 029</b>  Tel – 040 _40102030 Mobile – 91600 04563 E-mail: rahul.patni@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3<sup>rd</sup> Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani <b>Kolkata - 700 071.</b> Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, <b>New Delhi - 110 001.</b> Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail : swati.agrawal@careratings.com</p>