

Rating Rationale

Brickwork Ratings assigns 'BWR B' for the Bank Loan facilities amounting to ₹ 4.90 Crores of Aar Dee Extrusions (India) Private Limited

Brickwork Ratings (BWR) has assigned the following **Ratings¹** for the Bank Loan facilities sanctioned/availed from Canara Bank amounting to ₹ 4.90 Crores of **Aar Dee Extrusions (India) Private Limited**.

Facilities	Limits (₹Cr)	Tenure	Rating
Cash Credit	4.00	Long Term	BWR B (Pronounced BWR B) (Outlook: Stable)
Term Loan	0.90		
Total	4.90		INR Four Crores and Ninety lacs only

BWR has essentially relied upon the audited financial results of Aar Dee Extrusions (India) Private Limited up to FY14 and Projected financial statements of FY15 and FY16, and information/clarification provided by the Company's management.

The ratings draw strength from the experience of the promoters, improvements in the Company's operating margins, significant improvement in revenue in FY14 and benefits from existing relationships with customers. The Company's operating performance has benefited from a combination of cost reduction and improving operating efficiencies, and continues to modestly improve in FY 2015.

However the ratings are constrained by the Company's small scale of operations, thin profit margins and stretched working capital cycle.

Management and Operations:

Aar Dee Extrusions (India) Private Limited was incorporated in 2002. It is promoted by Dipesh P Mehta and Reena D Mehta. The Company is in the manufacture of Aluminum Collapsible Tubes to cater to the needs of Pharmaceuticals, Cosmeceuticals, Toothpastes, Adhesives and Art colours industries. Manufacturing capacity of the Company is 60 lacs tubes per month. The Company has manufacturing unit at Orward in Gujarat. Mr. Dipesh P Mehta has more than two decades of experience in the line of business. He is also director in the SHREE HIMACHAL METALS PVT. LTD and partner in GAUTAM METAL WORKS and D.J.INDUSTRIES. HIMACHAL METALS PVT. LTD is into manufacturing of Aluminum Slugs and other are into

¹ Please refer to www.brickworkratings.com for definition of the Ratings

manufacturing of Aluminum of Tubes. The Company also has a team of professionals who have good experience in their domains. It has strong ties with the customers and able to generate repeat orders from them. It markets its products domestically through its office in Mumbai. The Company has own Aluminum Rolling Mill and slug punching facility to ensure uninterrupted quality supply.

Financial Performance:

The Firm's Net sales in FY14 was Rs.10.49 Crs, as against Rs. 9.00 Crs for FY13. This resulted in increased EBITDA of Rs 1.86 Crs in FY14 against Rs 1.26 Crs in FY13. Reported PAT marginally increased Rs. 0.20 Crs in FY 14 against Rs.0.01 Crs FY13; however, it is still very low. Debt equity ratio substantially improved to 1.75 times in FY14, from 7.33 times in FY13, due to infusion of capital. The Current ratio stood at 1.53 in FY14. The net worth of the Company is Rs.3.34 Crs for FY14. The operating profit margin of the Company in FY14 has been increased to 17.70 % in FY14 from 13.96 % in FY13.

Rating Outlook:

The outlook for the Company for the next one year is expected to be stable. The Company's ability to adopt strategies for mitigating costs, improve scale of operations by improving capacity utilization, maintain and increase profitability margins and effectively manage working capital limits and ability to maintain favorable capital structure will remain key rating sensitivities.

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