

Press Release

Brickwork Ratings assigns rating for the Bank Facilities of ₹ 13.30 Cr for Aishloni Copper Alloys Pvt Ltd (ACAPL)

Bank Loan Rating: BWR BB/A4

Outlook : Stable

BWR has principally relied upon the audited financial results up to FY12, projected financials of FY13, FY14 and information/clarification provided by the Company management. The details of rated facilities are as follows.

Facility	Limits (₹ In Crs)	Tenure	Rating
Fund Based- Cash Credit Term Loan	8.00 1.80	Long Term	<p>BWR BB (Pronounced BWR Double B) Outlook-Stable</p> <p><i>Credit facilities with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations.</i></p>
Non Fund Based- Letter of Credit/Bank Guarantee	3.50	Short Term	<p>BWR A4 (Pronounced BWR A Four)</p> <p><i>Credit facilities with this rating are considered to have minimal degree of safety regarding timely payment of financial obligations. Such instruments carry very high credit risk and are susceptible to default.</i></p>
Total	13.30 (INR Thirteen Crores and Thirty lakhs only)		

The assigned ratings, factors in the promoter's long standing experience in the copper related business, established relationship with reputed clients, access to cheap power and fiscal incentives given by the government in the form of sales tax exemptions and income tax rebate all of which support profitability. The ratings also favorably factors in healthy demand outlook for copper products on account of growth in demand from key user segments.

The ratings are however constrained by current small scale of operations with limited extent of value addition leading to lower profitability, high working capital borrowing utilization. The ratings are also constrained by vulnerability to demand fluctuations due to cyclical nature of its key consuming industries and limited pricing flexibility due fragmented nature of the industry.

Background

Established in 2000, ACAPL was initially engaged in trading of copper & copper alloys metals and textiles products. In 2004, ACAPL started undertaking job work for manufacturing of copper & copper alloys pipes, tubes, bars and rods with an installed capacity of 800TPA at rented premises in Silvassa. ACAPL in 2008 has setup another production unit at AMLI, Silvassa, to increase the capacity from 800TPA to 1600TPA. The total installed capacity is now entirely being used for own production.

Financial Performance

During FY12 operating income stood at Rs.64.06cr. Operating profit margin for FY12 stood at 5.07%. ACAPL reported PAT of Rs1.00cr on operating income of Rs.64.06cr. ROCE improved to 13.51% in FY12 on account of higher operating profit, which registered a growth of 30% to Rs3.25cr compared to Rs2.50cr in FY11. Profit after tax remained largely stable at Rs.1.00cr. However, net profit margin declined to 1.56% in FY12.

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