



Rating Rationale

Almega Paints Private Limited

31 Dec 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 7.18 Crores of Almega Paints Private Limited.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	7.18	Long Term	BWR BB- (Pronounced as BWR Double B Minus) Outlook:Stable
Overdraft Facility	3.00	Long Term	
Term Loan	2.16	Long Term	
Term Loan	2.02	Long Term	
Total	7.18	INR Seven crore eighteen lakh only	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the company’s audited financial results of Fy 16, Fy 17, and Fy 18 and projections of Fy 19 and Fy 20, publicly available information and clarification / information provided by the company.

The rating draws strength from an adequate experience of the promoters , adequate network and comfortable gearing and liquidity position. The rating is however, constrained by low scale of operations and dipped profitability

The ability of the company to improve its scale of operations, profitability, maintain its gearing, coverage, and liquidity would be its key rating sensitivity.

Description of Key Rating Drivers

Credit Strengths:

- Extensive experience of Promoters: Promoters have extensive experience of 5 decades in the related industry with top management concentrated within family members.
- Financial Risk Profile: Company's financial profile is driven by adequate net worth of ~Rs.12.00cr, resulting in gearing of 0.61x. Coverage as reflected through DSCR and ISCR stood at 4.96x and 1.15x in Fy18
- Liquidity: Liquidity as reflected through current ratio remained healthy at 3.07x in Fy18. These are projected to be deteriorating in upcoming years.
- Profitability: Profitability in Fy18 has shown dip to 23.96% v/s 29.24% in Fy17. Having said that these have remained at acceptable levels.

Credit Risks:

- Scale of operations: Scale of operations over the years have remained flat, with TOI in Fy18 standing at Rs.14.44cr v/s Rs.14.08cr in Fy17. Also these remained confined because of exclusivity nature of job work.
- Single Client concentration: Clientele of the company remains concentrated to Asian Paints which possess a inherent risk.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Liquidity Profile: Liquidity profile of Almega Paints Pvt.Ltd is driven by current ratio of 3.07x. Company's coverage remains comfortable with ISCR of 4.96x. It has cash balance of Rs.2.06cr as on march 2018 as against current portion of long term debt of Rs.0.48cr.



Rating Outlook: Stable

BWR believes the **Almega Paints Private Limited** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Almega Paints Pvt. Ltd was incorporated on 02nd, June 2008 and is doing job process work for Asian Paints Ltd. The products manufactured are water & solvent base paints including an in house resin plant. The company started with the production of Water Based Paints in 2009, and Solvent based in 2010 and then Resin production in 2013. The company belongs to Kanabar Group.

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	14.44	14.09
EBITDA	₹ Cr	3.46	4.12
PAT	₹ Cr	0.63	1.55
Tangible Net worth	₹ Cr	4.71	4.08
Total Debt/Tangible Net worth	Times	3.39	4.44
Current Ratio	Times	3.07	3.45

Rating History for the last three years

S.No	Instrument /Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	2016	2015
1	Fund Based Overdraft Facility Term Loan Term Loan	Long Term	7.18	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable	Not Rated	Not Rated	Not Rated
		Long Term	3.00				
		Long Term	2.16				
		Long Term	2.02				
	Total		7.18	INR Seven crore eighteen lakh only			

Status of non-cooperation with previous CRA (if applicable)- Nil

Any other information: Nil

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)

Analytical Contacts	Media
<i>Sushil Kumar Chitkara</i>	media@brickworkratings.com
	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone: 1-860-425-2742	

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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